DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

FOURTH SESSION—TWENTIETH PARLIAMENT

11-12 GEORGE VI, 1948

VOLUME V, 1948

COMPRISING THE PERIOD FROM THE TWENTIETH DAY OF MAY, 1948,
TO THE FOURTEENTH DAY OF JUNE, 1948, INCLUSIVE

BEING

VOLUME CCLXIV FOR THE PERIOD 1875-1948

INDEX ISSUED IN A SEPARATE VOLUME

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

HOUSE OF COMMONS

Thursday, May 20, 1948

The house met at three o'clock.

UNEMPLOYMENT INSURANCE

REGULATION AS TO DAY ON WHICH CLAIM WEEK SHALL BE DEEMED TO BEGIN

Mr. PAUL E. COTE (Parliamentary Assistant to the Minister of Labour): Mr. Speaker, I wish to table copies, in English and French, of order in council P.C. 1907, of April 29, 1948, amending unemployment insurance benefit regulations, 1947, to provide that after May 31, 1948, Monday shall be the day upon which a claim week shall be deemed to begin. It is expected that this uniformity will work out much more fairly for those covered under the act.

POSTAL SERVICE

CARRYING OF MAILS BY AIR—IMPROVEMENT AND EXTENSION OF RURAL SERVICES

Hon. ERNEST BERTRAND (Postmaster General): Mr. Speaker, it gives me great pleasure to inform the house of what I consider to be an important milestone in the progressive development of the Canadian postal service. Everyone no doubt has seen the recent speculation in the press concerning the inauguration of what is known as "all-up" mail service. All-up mail service is an arrangement whereby letter mail, whether prepaid at air mail rates or not, is accorded air conveyance within Canada, if its delivery to the public can thereby be expedited.

I am glad to announce that we have reached a satisfactory conclusion to our extended negotiations with Trans-Canada Air Lines and that it is hoped to inaugurate all-up service over its network on or about the first of July, 1948, on an experimental basis to ascertain whether such service can be maintained in Canada at reasonable cost and with the desired degree of efficiency.

It is our intention, beginning on that day, to route by air, whenever it is advantageous to do so, all letter mail bearing four-cent Canadian postage for delivery to any place in Canada. We shall, of course, also continue to carry all mail by air which is prepaid at air mail rates of postage.

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Any letters weighing more than one ounce, that is, letters which require more than four cents postage, will be transmitted by air only if they are prepaid at air-mail postage rates; otherwise they will be sent by surface transportation as at present. It was considered advisable to set a limit of one ounce on letters which will go by air because there are many unknown factors involved in the scheme.

An ordinary envelope, $9\frac{1}{2}$ inches by $4\frac{1}{8}$ inches, weighs about a quarter of an ounce with one sheet; with two sheets it weighs under half an ounce; with seven sheets the weight is under one ounce. A smaller envelope, $6\frac{1}{2}$ inches by $3\frac{5}{8}$ inches, with two sheets weighs about a quarter of an ounce; with five sheets, slightly over half an ounce; and with nine sheets, under one ounce. So that more than ninety per cent of all letters will not have to be prepaid at seven cents.

We hope to be in a far better position to decide after the experimental period is over what further extensions could be made without endangering the success of the project.

That is, generally speaking, the scope of the significant step which we propose taking on the first of July this year. We hope to be able to extend the same scheme to all other feeder lines which now carry air mail only, but we have not as yet completed our consideration in this regard. I shall defer my remarks on that matter to a later date.

I would like to mention that we also propose to introduce various improvements and extensions in the case of mail services in the rural areas. We appreciate that rural areas may not feel the benefit of the all-up mail service to the same degree as the more populated centres. We therefore propose to continue the extension of service to the rural population, a thing we always keep in mind in the Post Office Department.

AERONAUTICS ACT

ORDER IN COUNCIL AMENDING AIR REGULATIONS

Hon. LIONEL CHEVRIER (Minister of Transport): Pursuant to section 6 of chapter 28 of the statutes of 1944, which is an act to amend the Aeronautics Act, I table herewith copy of order in council P.C. 3141 of April 6, 1948, amending the air regulations.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

HUDSON BAY RAILWAY—FREIGHT RATES FROM CHURCHILL AND HALIFAX

Mr. KNIGHT:

1. Have freight rates over the Hudson Bay railroad on commodities other than grain been raised during the recent year?
2. If so (a) why; (b) how much; (c) in what respects?

Mr. KNIGHT:

1. Were recent reports correct in stating that ocean freight charges between Churchill and British ports had been reduced?
2. If so, what was the amount of the reduction?
3. What is the ocean freight rate on a thousand feet of lumber (ship load quantities) (a) from Churchill to a British port; (b) from Halifax to the same port?

Mr. CHEVRIER: In view of the fact that I answered these two questions during consideration of the estimates of my department the other evening, I wonder if the hon. member would be willing to drop them.

Mr. KNIGHT: I agree with the minister in regard to the first question but not in regard to the second one, which as a matter of fact asks something quite outside of his department.

Mr. CHEVRIER: As far as that question is concerned the hon. gentleman can get the information just as quickly and as easily as I can, because I would have to get it from the shipping companies. I think the purpose of placing questions on the order paper is to obtain information which an hon. member cannot get elsewhere.

Mr. KNIGHT: The purpose of the question, as far as I am concerned, is that the answer may become a matter of public record. That is why it was placed on the order paper.

Mr. CHEVRIER: I am not in a position to give the answer, because I have not the information, and neither has the government. I would have to obtain it from the ocean steamship companies, and I suggest that my hon. friend can get it from them as well as I could.

Mr. SPEAKER: Questions dropped.

GROSS NATIONAL PRODUCTION—PRIVATE CAPITAL INVESTMENT

Mr. MENARY:

What percentage was private capital investment of the gross national production in Canada for each of the years 1945, 1946, and 1947?

[Mr. Chevrier.]

Mr. McILRAITH: The following table shows the percentage which gross private capital investment was of gross national product in Canada, for 1945, 1946, and 1947:

Gross domestic investment	Percentage of gross national product 1945	1946	1947
New housing*	1·8	2·9	3·5
New construction (except housing) and new machinery and equipment†	5·6	8·5	12·0
Investment in inventories	–2·5‡	3·3	5·9
Total	4·9	14·7	21·4

*Does not include construction by Wartime Housing Limited.

†Includes investment by private business and publicly owned public utilities.

‡The value of inventories declined in this year.

MINING—NEW INVESTMENT IN DURABLE PHYSICAL ASSETS

Mr. MENARY:

What is the estimated new investment for mining in Canada for the year 1948 in durable physical assets excluding, if any, direct government investment, and what was the actual, or if not yet available, estimated actual for the years 1945, 1946, and 1947?

Mr. McILRAITH: Estimated expenditures on new investment by the mining industry in Canada in durable physical assets excluding any direct government investment:

1945	$16·7 million
1946	33·6 million
1947	66·3 million
1948	76·6 million (forecast)

POSTAL SERVICE—SALARIES OF LETTER CARRIERS

Mr. LOCKHART:

1. What was the schedule of salaries paid to letter carriers in 1938?
2. What increases in salaries have been granted such persons since 1938?
3. What steps are being taken at the present time to increase salaries of letter carriers?

Mr. BERTRAND (Laurier):

1. $1,020-$1,140-$1,260-$1,380-$1,500.

2. The effective dates of the increases and the increased salaries paid were as follows:

1st July, 1944—$1,200-$1,320-$1,440-$1,560-$1,620 plus cost of living bonus.

1st April, 1946—$1,320-$1,440-$1,560-$1,680-$1,800 plus cost of living bonus.

1st September, 1946 (consolidation of salary and cost of living bonus)—$1,644-$1,764,$1,884-$2,004-$2,124.

1st October, 1947—$1,620-$1,740-$1,860-$1,980-$2,100-$2,160.

The adjustment effective 1st October, 1947, provided that employees in receipt of salary at the rates of $1,644-$1,764-$1,884 would receive an immediate increase of $216 per annum, those at $2,004, an immediate increase of $156 per annum and those at $2,124 an immediate increase of $36 per annum.

3. No further action is being taken at present.

CHARTERED BANKS—LOANS FOR CAPITAL INVESTMENT—CASH RESERVES

Mr. MENARY:

What was the total amount for all chartered banks in Canada of (a) loans for capital investment; (b) cash reserves, as of December 31, 1945, 1946 and 1947?

Mr. BELZILE:

(a) Not of government record. The Bank Act does not require the chartered banks to make returns concerning loans for capital investment.

(b) Deposits by chartered banks with the Bank of Canada and Bank of Canada notes held by chartered banks:

December 31, 1945	$684,064,748
December 31, 1946	742,330,862
December 31, 1947	720,070,193

IMMIGRATION—CHINESE

Mr. CAMPBELL:

1. How many wives and families of Chinese Canadian citizens have been allowed entry into Canada during the past two months?
2. Has the immigration office been opened and staffed in Hong Kong?

Mr. MacKINNON:

1. None for the two months prior to May 1. Records for May not yet available.

2. Yes; office reopened April 6, 1948.

DESERONTO POST OFFICE—BOXES

Mr. STOKES:

1. Has any report been made to the Post Office Department regarding a large number of post office boxes being out of order in Deseronto post office?
2. If so, what steps are being taken to remedy this situation?
3. Is the department going to furnish more boxes for this office?

Mr. BERTRAND (Laurier):

1. Yes.

2. Additional details being obtained.

3. Yes, if detailed report indicates need.

QUESTIONS PASSED AS ORDERS FOR RETURNS

IMPORTS OF DRIED PEACHES AND CANNED FRUITS—BRAZIL NUTS

Mr. DIEFENBAKER:

1. Since the first of January, 1948, what has been the value of imports into Canada from the United States of (a) dried peaches; (b) canned peaches and apricots; (c) mixed fruit in cans; (d) brazil nuts?
2. Were special import permits granted therefor and if so under what circumstances?

Mr. GIBSON (Hamilton West): Return tabled.

INDIANS—PIAPOT RESERVE—SURRENDER OF LANDS

Mr. MacNICOL:

1. How many acres of land were surrendered by the Indians on the Piapot reserve to the crown for resale to soldiers under Statutes of Canada 1919, chapter 71?
2. What was the average price per acre payable to the band for said lands?
3. What disposition was made (a) of the money payable to the band in such surrender; (b) of accumulated interest thereon?
4. Did the surrender include minerals?
5. How many acres of the said lands were sold to soldier settlers?
6. What was the average sale price per acre?
7. Did sales to soldiers include minerals or are the minerals retained by either the crown or the soldier settlement board?
8. Were any portions of said lands transferred by the crown to the soldier settlement board?
9. Did such transfer include minerals?
10. For what purpose were the said lands and/or minerals transferred to said board?
11. Are the minerals held in trust for the Indians or for whose benefit are they being retained?

MARSHLANDS

RECLAMATION AND DEVELOPMENT—ASSISTANCE TO MARITIME PROVINCES

Hon. ERNEST BERTRAND (for the Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to assist the provinces of Nova Scotia, New Brunswick and Prince Edward Island in the reclamation and development of marshlands in the said provinces by the construction and reconstruction of works necessary therefor and the purchase of required machinery and equipment. Works may be undertaken only on the recommendation of an advisory committee to be established under the act and upon terms and conditions agreed upon with the province concerned prior to the first day of May, nineteen hundred and fifty-five. The Minister of Agriculture is empowered to appoint necessary temporary officers and employees to be paid out of the consolidated revenue fund with provision also for the payment of expenses of members of the advisory committees.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

NATIONAL LIBRARY

MOTION FOR REFERENCE TO JOINT COMMITTEE ON LIBRARY OF PARLIAMENT

Hon. COLIN GIBSON (Secretary of State) moved:

Whereas representations have been received from numerous organizations including the Royal Society of Canada, the Canadian Library Association, the Canadian Historical Association, the Canadian Political Science Association, the Canadian Social Science Research Council, the Trades and Labour Congress of Canada, the Canadian Congress of Labour, as well as the Provincial Library Association, recommending that consideration be given to the establishment of a national library for Canada; and

Whereas it is further recommended that as a preliminary step action be taken to provide a catalogue of books already available in the various libraries throughout Canada;

Therefore be it resolved that the representations already received and any further representations that may be received concerning the establishment of a national library for Canada be referred to the joint committee on the library of parliament for consideration and report.

Mr. MacINNIS: I think the Secretary of State should give some explanation of this resolution. I should like to know what action the joint committee on the library can take in the matter.

Mr. GIBSON (Hamilton West): As the motion states, Mr. Speaker, various representations have been received from organizations throughout Canada as to the advisability of establishing a national library. The recommendations that have been received do not envisage a library being started by the erection of an enormous building. It is considered that the matter should be given careful study and that possibly as a first step arrangements might be made to provide a catalogue of books already available in libraries throughout Canada. It is recommended that the matter should receive careful study, and the government considers that the body to look into the proposal in the first instance is the joint committee on the library of parliament, which would consider the recommendations already received and make a report to parliament, after which the further steps to be taken may be determined.

Mr. CHURCH: Why refer it to a committee? Why does not the government take action?

[Mr. Bertrand (Laurier).]

Mr. M. J. COLDWELL (Rosetown-Biggar): I must say I doubt very much whether this is an effective way to deal with the proposals that have been made to the government. I was on the joint library committee for a long time; I looked forward to a meeting of that committee, but I do not remember one having been called. Perhaps that was partly owing to my own neglect in not pressing for it a little more strongly, but I do not believe this is an effective way of dealing with the problem.

I have no doubt that neither the government nor this house would be prepared to build a huge library building, but I have often thought that one of the first steps to be taken toward making the city of Ottawa a capital worthy of the country would be to have an appropriate national library here. In fact I would go a step further and say we should have an appropriate cultural centre, which would include a national theatre, an art gallery, and so on. It seems to me that this step will simply shelve the matter, and that we shall hear very little more about it from this committee.

I believe other steps should be taken. We have a number of people in the country, known to the government and to members of the house, who might be sufficiently public-spirited and interested to serve on a special committee which would have very much the same objectives as are embodied in this resolution. It seems to me a committee of persons interested in literature, the arts, and so on, would give the country much better service in this regard than the kind of committee to which it is proposed to refer this question, because, as I say, having been a member of the library committee and knowing the difficulty of getting the committee to meet, I think this action will merely shelve the matter and nothing constructive or effective will be done.

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, with all due respect I would repeat that before we speak of a national library the present library of parliament should be made fireproof in order to protect the treasures we have there, which are exposed to destruction at any time. This is the first step, and it is urgent. I have said for years that it is urgent, and I thank the hon. member for Rosetown-Biggar (Mr. Coldwell) for supporting my contention, which seems to be sound in every respect.

Mr. RODNEY ADAMSON (York West): Mr. Speaker, as a member of the library committee may I say that this motion came up in that committee during the war, and was shelved until such time as the war ended and

consideration could be given to it. I was in favour of taking some suitable action, and I believe my position had the support of the majority of the committee.

While I agree that the joint committee on the library of parliament may not be the proper body to carry out all the work at this stage, I believe this proposal would be a proper first step, in order that some day we may have a suitable national library in Canada.

Mr. CHURCH: May I ask the minister if he has any proposed plan?

Mr. GIBSON (Hamilton West): We have no plan for a building, no.

Mr. CHURCH: It is more important than national parks.

Mr. GIBSON (Hamilton West): In reply to the observations of the hon. member for Rosetown-Biggar (Mr. Coldwell), I would say that if the committee meets and decides that a special committee should be appointed, it will be in a position so to recommend in its report. I had thought they would possibly do that; I had not considered that they would themselves undertake to draw up a program.

Mr. CHURCH: That will bury it for this session.

Mr. GRAYDON: Does the government intend to present to this committee when it meets any considered policy of its own?

Mr. GIBSON (Hamilton West): The resolution before the house is that the committee shall consider the resolutions and proposals, and any other proposals which may be brought in, and that it shall then make its recommendations in its report to the house.

Mr. GRAYDON: I take it that the proposals which from year to year have been made from this side of the house will be considered too.

Motion agreed to.

NATIONAL DEFENCE

ATLANTIC COAST—UNITED STATES BASES IN NEWFOUNDLAND

On the orders of the day:

Mr. J. H. DICKEY (Halifax): Mr. Speaker, in view of the importance to the constituency of Halifax of defence and allied matters along the Atlantic coast, I should like to ask a question of the Secretary of State for External Affairs (Mr. St. Laurent). If the decision of the people of Newfoundland is for confederation with Canada, and if that decision is carried out, will it affect in any way the ownership of defence bases in Newfoundland territory which are now occupied by United States forces, or will Canada acquire any interest in such bases?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): My information is that United States bases in Newfoundland are held under 99-year leases as from 1941, under treaties between the United States and the United Kingdom. Any change of tenure, in the event of union of Newfoundland with Canada, would of course require new treaty arrangements with the United States government.

NATIONAL HOUSING

AMENDMENT WITH RESPECT TO POWERS OF APPROVED LENDING INSTITUTIONS, ETC.

The house resumed from Wednesday, May 19, consideration of the motion of Mr. Howe for the second reading of Bill No. 280, to amend the National Housing Act, 1944, and the amendment thereto of Mr. Nicholson.

Mr. J. H. HARRIS (Danforth): Mr. Speaker, last night when the house adjourned at six o'clock I had hoped I might have concluded my few remarks. It so happened, however, that at the adjournment hour I had been referring to New Zealand and Australia. I had in mind the fact that I had read many references as to how these socialistic members of the commonwealth had dealt with their housing problems. From my own observations of a few short years ago I am prompted to say that their problem is not solved. The problem there is just as intense as it is here. It may be that they have on their statute books legislation which will help them solve their housing problem more quickly than it can be solved here. Their geographical position gives them some advantage in that they do not know what it means to live under circumstances such as those described yesterday by the hon. member for Brandon (Mr. Matthews), where sometimes temperatures drop to as much as thirty degrees below zero. They do not have to prepare for winter to the same extent that we do in this country, nor do they encounter many of our difficulties.

Mention has been made of building priorities of one kind or another. I would ask the minister to correct me if I am wrong in the statement that we have priorities in connection with the acquisition of nearly everything we require in the building of houses, whereas in New Zealand those priorities are applied to the extent of only fifty per cent.

I realize that in some respects we must be even more drastic than we are today in the diversion of building supplies to enterprises

other than housing. I have in mind two classes which should have priority, and it is on behalf of these that I speak this afternoon. The first would include all those honourable, gallant and distinguished young men who came home to us after saving our way of life and our democracy. Therefore I put veterans in the first category. In the second I place those men and women who find themselves adapted to industrial occupations and who of necessity are anxious to live close to their place of employment. Of necessity they find themselves living in slum areas in the vicinity of industrial plants.

Speaking first of veterans, as I said a few days ago, and a few years ago as well, by their very training in their adolescent days, by the fact that they left school to go overseas, by the fact that their fathers were tradesmen and craftsmen, they cannot be forced out into rural areas to be made into farmers. I do not for one moment deprecate that particular idea. I remember the eloquent words of the hon. member for one of the Hurons when he told us that there were many vacant houses in the farm areas of Ontario. I remember the hon. member for one of the Renfrews saying the same thing. I see my Nova Scotia friend smiling. How many empty dilapidated farm houses are there in the maritime provinces which could be occupied by Canadian citizens? Many thousands.

I am going to digress for a moment. Coming home on the S.S. *Aquitania* I travelled with 12,000 war brides. They had been told wonderful stories about Canada. Some of them were leaning over the rail to catch the first glimpse of the coastline of the maritimes close to Halifax. One said to me, "What a wonderful country! Marble bathrooms!" She said, "Is that one of them on the hill, that outbuilding?" I said, "Perhaps it is." "Swimming pools in front of the homes." There was a little fisherman's shack on the side of the hill with the ocean in front. "Is that a swimming pool?" "Perhaps it is." Many of these people were disillusioned. They had been told what they should have, what they must have.

To those who have these dreams in regard to houses I refer the words of the hon. member for Lethbridge (Mr. Blackmore) as recorded in yesterday's *Hansard*. He told us of the great joy and pleasure he had had out of building his own house many years ago. In my opinion, except for the veterans we are not responsible for all these people unless they are handicapped or living in slum areas. If we could instil into their minds some of the Victorian ideas of the hon. member for one of the Renfrews who spoke so eloquently last year with regard to house building, their problem might be solved. Let them get out and build for themselves. Let them get themselves covered, as my hon. friend did, by the work of their own hands. Then this country of Canada will go ahead much faster than it is progressing at the present time.

Except for one circumstance there would not be the shortage of supplies that there is now. As has been pointed out by the hon. member for Muskoka-Ontario since the session started, there has been great industrial expansion. In order that there may be no misunderstanding I shall refer to some of these. How many hon. members took advantage of the invitation to visit Toronto? Those who did saw our waterfront. They saw evidence of the expenditure of $20,000,000, to be followed by another $10,000,000 in the next two years. All this large construction work is using up materials. I am referring to that area along Fleet street where you saw the Victory Mills, which are expending $10,000,000 on plant for the production of Orange Crush, 7-up and other drinks not of this kind but perhaps worse than this and some even better than this. Then there is the large plant of Standard Chemicals.

I have no objection to the building of large plants such as that to be constructed by Lever Brothers, who will expend $10,000,000 within the next two years and consume thousands of tons of building materials. Let us have industry. The hon. member for Muskoka-Ontario referred to the abundance of our resources. Let us build these while we may, but the fact remains that when you are building these you cannot build houses for the workers who will carry on these industries.

No doubt those workers will be well paid, but where are they to live? Are they to live in Regent's Park, one of the slum areas? I hope not. These industrial areas are being built up right in front of the greatest slum area in Toronto. The traffic is so congested that these workers cannot get on a bus to go home if they live a mile or two away, too far to walk. The fault lies in having these industries in the midst of a slum area in a large city like Toronto. The same condition obtains in many other cities. They could be built more cheaply and everyone would be better off if they were located ten, fifteen or twenty miles beyond the city limits. They should not be crowded up in the city where of necessity slum areas will be created.

I know that this bill provides that eighty-five per cent of the bricks, labour and supplies that go into a house are to be financed in one way or another, whether by the municipal-

ity, by the province or by the dominion. But I also realize that there are being concentrated in the centres of our large cities thousands of employees who would be much better off if they could live outside the cities, such as half way between Toronto and Hamilton, as some have done, or away to the east of Toronto near Pickering, or up where Maclean-Hunter are spending $6,000,000 or $8,000,000 at a location twenty miles north of the city limits. I thank them for the wisdom they have shown in doing that. Those who have established large industries in the centres of our cities are doing something which is not for the general advantage of those communities, because they are encouraging people to live in slum areas.

A word with regard to materials. It is unfortunate in my opinion that this administration in its wisdom has seen fit to allow double depreciation. Any way you look at it, these companies have sufficient reserves. I direct the attention of the Minister of Finance (Mr. Abbott) to the fact that many of them are able to plan building expansion programs. If I could make a plea to these people today it would be to ask them to slow down their expenditures on new construction until such time as house building could catch up with the demand. They are using up supplies of all kinds. I do not know, but I would hazard a guess from my own observation that for every dollar spent in the construction of dwellings, close to $2 is being spent by these industrial organizations. If there were some method of putting the brakes on industrial expansion until private enterprise could overtake the slack in housing requirements, it would be a good thing for Canada. If for a few years we do not expand our industrial and factory buildings of all kinds far beyond our requirements but rather extend house building and house ownership among our people, two or three decades hence these industries will be able to expend their reserves in industrial expansion. In this event the workers, instead of being discouraged and disheartened and anxious to join with others to squeeze the last possible dollar out of their employers, will be anxious to devote all the money they can save to building a house for themselves. If we speed up home ownership we shall be doing something for the general advantage of Canada.

In 1939, seventy per cent of the people in my community owned or were on the way to owning their homes. I challenge this administration to say that that is so today; I do not know myself, but I have an idea that that percentage does not now prevail. The trend is the other way. My people are solid citizens, but if they do not own the houses in which they live, or if they are not imbued with the idea of doing so, I ask you, Mr. Speaker, where will their progeny be two or three decades from now?

With regard to supplies, they are not being distributed in proper proportions. Let us have more supplies for the building of houses, even if it is necessary to cut down on industrial expansion. I was glad to hear the minister say yesterday that barbed wire production is to be suspended for two months so that the steel wire may be used in the production of nails. Personally I think that the man who first produced barbed wire should have been hanged with it, because it has done more damage to livestock than any other single thing. Let us make more nails, so that there will no longer be that excuse for the lack of housing. I am willing to let the eighty-five cents of the dollar be spent to help construction, but I do not feel disposed to go all out for the amendment which has been proposed to this bill and which would establish practically the public ownership of homes and houses. One of the great virtues of the Canadian people is the ambition in their hearts and minds which makes them ready to work hard and for long hours to own something for themselves. There are not enough people in this civilized world who have that inspiration and that ambition. Let us not in this chamber be a party to anything which might impair that virtue of the strong men of the north, namely, the ambition to go out and build a house for themselves and rear a family in that home.

The bill provides for slum clearance. The city of Toronto may be said to have given some leadership in slum clearance. They have talked about it now for four years, and every public man there is buttonholed by persons who want to know when the public bodies charged with responsibility for slum clearance are going to set to work. Let this administration take an inventory of all the slum clearance projects in Canada and then get down to business and make a start by clearing Regent's Park. If we have any responsibility here for that, and I think the minister will agree that we have, he will find not only the city of Toronto but even the Ontario government willing and anxious to co-operate in the fullest measure on slum clearance. The minister will not deny that. Then let us make a start and show that we can do something somewhere, even if that somewhere happens to be in the

confines of the great city of Toronto. But of course we in the city of Toronto are willing to go along with others.

I am in a rather awkward position. I have asked that the government go slow in industrial expansion. Yet on May 14 I had to sit quietly in my seat and listen to Canada's great Prime Minister (Mr. Mackenzie King) enunciate an expansion project which will consume building materials and take out of the market many thousands of bricks, much mortar and a certain amount of labour. Nevertheless it is a project that I must approve, if it is necessary. It is not a project of industrial expansion. It has to do with hospital accommodation. It is a young project—that is, it is eighteen years old. Not a dollar has been spent upon it in those eighteen years, but now $3,000,000 worth of bricks and mortar is to be used for these purposes. It may seem that I am inconsistent when I ask the minister, as I have asked him in days gone by, to go ahead and build a certain project which has had the privilege of giving yearly over 100,000 days of hospital service to civilian and soldier patients who were incapacitated and in hospital through no fault of their own. We were pleased to hear the Prime Minister rise in his place and announce that his administration, in co-operation with the Ontario government and municipal governments, would provide $1,000 per bed for active treatment patients who had come to the hospital for treatment.

Mr. SPEAKER: I am sorry to interrupt the hon. member, but he is departing from the subject matter of the bill.

Mr. HARRIS (Danforth): I bow to your ruling, Mr. Speaker. When I notice in the bill that assistance is to be given in the construction of houses up to a maximum of eighty-five per cent of their estimated cost, and when I notice, sir, that corporations are invited to take over the projects when they are completed and paid for under the guaranteed contract, and so forth, I am trying in my humble way to point out that there are some organizations which might interfere with the carrying out of the provisions of this bill. The hospital project I mention is competitive in the use of materials which could be used for housing. Therefore, sir, if I have your indulgence I should like to make one or two comments. They will be included in two sentences.

Mr. GRANT: Louder.

Mr. HARRIS (Danforth): My hon. friend says "louder," or something else. I remind him, Mr. Speaker, that when the angel Gabriel descends from heaven and places one foot on dry land and the other on the ocean and declares that the world shall be no more, my hon. friend will cry "Louder, louder!" Meanwhile it is his hard luck if he cannot hear what I am saying.

Now, sir, I shall continue with my two sentences. Within the next year or two this administration is going to give $1,000 per bed toward the construction of a hospital extension which in the finished state will have cost close to $3,000,000. My community, the corporation of the city of Toronto, will contribute to that hospital program $5 for every $1 that the government contributes. That is one sentence. My second sentence is this. I would ask the omnibus minister of everything that is worthwhile in the House of Commons, now the Minister of Trade and Commerce (Mr. Howe), the man charged with responsibility for this bill, to do as he did for us before. Let us have the building supplies for our hospital so that we in turn can give hospital service to our fellowmen.

Mr. T. L. CHURCH (Broadview): I have not taken part in the debate on housing so far this session. I wish to say that I have made it a rule of life to try to get on with people, whether individuals, corporations, railways or municipalities.

With regard to Bill 280, which is before the house for second reading, I believe that there should be read into it the cause and effect of the proposals it makes. Lack of housing is not a local matter; it is not a national matter; it is an international matter. It is a world matter which has been brought about by two long wars and a depression. No allowance was made for the subsequent increase in population. Transportation, electric light, power, water and sewers are municipal services, along with other agencies, which are necessary in any solution of the housing problem in the larger cities of this country.

I remember away back when we did not own the Toronto street railway. We had a privately-owned railway in only half of the old part of the city. What was done between 1915 and 1921 was this. We built civic car lines in the new part of the city. Let us suppose that the old city is on one side and the dividing line of Toronto is in the centre. We took over the Toronto street railway in 1921 when their franchise expired. I was much pleased with the 104 members who were in the city the other day, because as they travelled about our city and out to Oakville they saw the tremendous strides which have been made in housing, even during the period between the two wars and after the last war. I was surprised to see it myself because I had not seen recently as much of the surrounding district as I had before the last war started.

I am in favour of the government carrying out its present plans or any arrangement it has with the municipalities for slum clearance and other matters having to do with housing, because without adequate housing there would be no public health, notwithstanding the health security programs announced by federal and provincial and civic authorities. The first duty of a government, as I see it, is to look after the health, wealth, peace, happiness and prosperity of its citizens. All the various statutes, plans, blueprints and other remedies which have been proposed by municipalities, provinces and the federal government, cannot be carried out because of the lack of materials and of labour. It shows that in a national sense we have been unable to make, on a percentage basis, any real contribution to solving our national housing difficulties. For the reasons I have given, to provide housing should be the national function of the government.

We are in very difficult days. At a time like this, when we are in an emergent condition, the federal power should deal with the situation. In my opinion housing should be a national problem because the government have almost unlimited methods of finding revenue. They have also control over immigration, tariffs and trade, banks and banking. They can bring anyone they wish into this country. That power is given to them under section 91 of the written constitution which this country obtained in 1867.

Through the medium of Bill 280 another housing act is to be passed, amending the National Housing Act, 1944 and 1945. In this bill are set out the powers of approved lending institutions. They may take steps to safeguard mortgage securities and indebtedness. The bill also gives powers to enter into contracts with builders, and to guarantee rentals from rental housing projects. The terms and conditions of such undertakings are also given. The bill deals with rents for rental housing projects in the form of mortgages, terms of contracts and transfers. It deals with the transfer of property of Wartime Housing Limited to the new corporation. In spite of all these many statutes which have been passed since this housing matter was first brought up, there is still a national housing problem in the urban, rural and suburban areas. Things have been so mixed up by all these various statutes that the municipalities are in a quandary.

I would give some constructive suggestions to the minister and to the government. I have had a great deal of experience, notwithstanding what the hon. member for Parkdale (Mr. Timmins) said. Probably I have had a vaster experience than anybody in the house, because I dealt with one of the largest agencies of housing, namely, transportation. We took over the street railway which served only the old city. We built a new civic railway for the new half of the city and linked the whole city up in the new system. I do not know any constituency which owes so much to the vision of public ownership as ward 6, which is part of the constituency represented by the hon. member for Parkdale. I remember when they had no harbour improvements on the waterfront in that ward. They had the Mimico section of the York radials, running from the old Sunnyside level crossing—a death trap. They had the Toronto suburban running through wards 6 and 7 to Guelph. In 1920 these were all included when we purchased the York radials, and that was a great aid to housing. I described what happened in my friend's own district. The most important thing was the building of a railroad, city car lines in the new part of the city north of Bloor street and St. Clair avenue. We built the city car line system from 1915 to 1921 and it had a beneficial effect on housing. Practically the whole district of wards 1, 6 and 8 and the north Toronto district were built up by it.

Talk about what was done by those who came into the house a few years ago! I am disappointed in some of the young men who have come into parliament recently. I venture to say that if some of them had had the control of the city of Toronto when I was head of the city council, Mackenzie would have got a renewal of the street railway franchise, because there was only one man in the council who opposed it, and one newspaper—the five other newspapers gave their support to the purchase deals. The action that was taken at that time, however, went a long way toward solving the housing situation in our city. The light and power franchises were taken over by the city and the Toronto Transportation Commission started with a civic system of buses and radials. The metropolitan railway on Yonge street from Lake Simcoe to the C.P.R. north station was taken over also in 1920-21. The Scarboro section of the York radials from Woodbine, on the Kingston road to West Hill was also made part of the T.T.C. civic system. The whole York radial was acquired by the city and all its various sections. The Mimico section, Sunnyside west of the Humber to Mimico, at the level crossing at Sunnyside, was developed after these franchises were removed. In that district there was only one road, which was very narrow, and that was the Lake Shore road.

I have been discussing cause and effect in the housing situation and the condition that

existed between the two wars. Those hon. members who visited our city the other day got a bird's-eye view of the results of the inauguration of the street car system and the taking over of radials, waterfront improvements and so on, all of which contributed to the prodigious development of that city.

In the district I represent in the House of Commons today, Broadview, and in the Greenwood and Danforth districts, tickets on the new civic car lines in the early days were six for ten cents. The result of the transportation system which we established was the erection of thousands of houses. The hon. member for Danforth (Mr. Harris) will bear me out in that assertion.

All that work was done without any federal or provincial help at all. We inaugurated car lines, radials, buses, water service, sewers, police protection, health regulations and other benefits for the people in those districts, and the result was that many of the returned soldiers in Davenport and all the other ridings from East Toronto to the Humber started building houses for themselves, beginning with a cellar in the summertime, and then putting up one story. Neighbours would come and give assistance and in that way they would help to build a second and a third story. I am simply giving you cause and effect so far as housing is concerned.

My sole purpose in speaking this afternoon has been to try to give the minister some constructive suggestions. I am one member of the House of Commons, and I do not speak for this party; far from it. I leave that to some others who claim that they represent it. I will say this, however. I do give the minister some credit for what he did during the war and even after, as I see what was done in our city. I am one of those who try to get on with people and to work with governments as with individuals.

I would remind hon. members of what took place in this house in June 1923. I was then chairman of the harbour board. I had a meeting until 3 a.m. with the government as to a settlement of the Toronto viaduct case with the two national railways. I acted for the city and harbour and discussed the matter with the then Liberal government. The result was that I marked it down from $37,000,000 to $30,000,000. Present were Sir Edward Beatty, then president of the C.P.R.; Sir Henry Thornton, president of the Canadian National, and Mr. Graham Bell, who was deputy minister of railways. I represented the city and harbour board and I showed them all the facts in connection with the viaduct and my plan for closing certain streets and cutting down the whole cost to $30,000,000.

An act of parliament was passed at the end of June 1923 and work was later begun on the viaduct. The new Union station was finished, and extensive harbour improvements were carried out for twelve miles to the Humber river. Transportation by civic car lines, cheap power and other civic services in Toronto and suburbs are the main reasons for the success of housing after the taking over of the street railway.

In connection with the proposed purchase of the old Toronto street railway, it was supported by five of the six newspapers; only one paper, the Toronto *Telegram,* was opposed to it, and in the city hall only the present member for Broadview and one other opposed it. Had the deal gone through the people of Toronto would never have been able to take over the street railway or the radials, nor would they have been able to remedy the deplorable conditions that existed in our city and harbour or to give the services which hon. members saw for themselves the other day. I was the mayor and I piloted the civic bill for the T.T.C. through the legislature and nominated and chose the first T.T.C. commission. It brought about a vast housing improvement and made of Toronto and district a city of homes.

We need a steam suburban service in Toronto. Look at the service they have in Montreal and its aid to suburban housing. The use of commutation tickets between Toronto and Brampton, Oakville and other points should be extended.

After the first war, under private enterprise, many persons, including returned soldiers, built their own houses in the suburbs of the city. A great deal of building was done between the two wars, and much has been done also since the close of the second world war. The other day I was surprised to see the great development that had taken place on the Lake Shore, the Dundas highway, ward 7 and the Kingsway through to Oakville, in the matter of housing, mostly by private enterprise.

According to the report of the assessment commissioner, during the period of the two wars and until recently some seventy per cent of the people in Toronto city owned their own houses. It might be a small cottage, or it might be a two or three story house. Everyone wanted to own his own house, including the industrial workers, because of the cheap electricity, power, light, transportation, and the other public utilities.

I do not want to see our city become a city of apartment houses. In 1926 and 1927, and again in 1935, 1936 and 1937, I introduced a

resolution concerning housing and reconstruction. One day it was debated from three p.m. until eleven o'clock, and again all the next day; and, as I said then, I do not always believe in cleaning out slums, though that should be done in some districts. I should like to see the contracts between the city and the federal government carried out to the limit, because I think the development around Regent street is a very good proposition. But as I said on other occasions, when you clear out slums a great many people do not want to leave the district. They are near their work and their friends, and if you clean them right out of the district they have to pile on street cars to get to work. That would make the position of our transportation system, which is overcrowded at the present time, even more deplorable. Persons getting on these cars and buses have been badly injured; others using the transportation system have been killed by motorcars.

I have seen some of these apartment house and housing projects. Not long ago I was in the city of Cleveland, and I saw some of the houses that have been built there. Some are occupied by returned soldiers; all kinds of people are mixed up together. The buses are so crowded you cannot get on them, even on Sunday. In a five-acre lot there must be several hundred of these houses, with thousands of people housed there. There you will find all kinds of people, some of them recent arrivals from Europe who cannot even speak our language. The people there are getting sick and tired of these small prefabricated houses. They tire of them in no time and want to move out, and certainly that is not a situation we want in our city.

I admit that in the district in the United States which I have mentioned they have done a valuable work and the houses are very good. They are well equipped with plumbing, like the houses of some of the ministers; they are sanitary; the rents are low, and all the rest of it. As I say, I do not want our city to become a city of apartments. It was not so between the two wars and long before, since the time of the hon. member for Danforth and the other hon. members who are here from Toronto. I believe we should continue to be a city of homes, particularly among the industrial workers.

If I had my way I would revive the old housing plan we had after the first war; the minister has something similar at the present time, I believe. Under that plan Canada lent money through the banks. Before the second war started Canada had lent $85,000,000, and of that only one-eighth of one per cent was lost.

I think there is a great deal to be said for the amendment which was proposed by the hon. member for Parkdale (Mr. Timmins); subventions, bonuses and subsidies are all right as far as I am concerned. I believe subventions and subsidies should be given to the municipalities. For low-rental houses that was done during the time I was head of the city council; buildings were assessed for about half their cost, under an amendment to the assessment act, and that led to a good deal of construction. But that has been abused, and I notice in the newspapers that some changes have been proposed. I would support some federal system like that under which the municipalities would get certain aid. It has been suggested there be provincial aid so that no taxes be imposed for two or three years, and other suggestions have been made by the provinces.

I should like to see the old principle continued of lending money through the banks. The purchasers obtained clear title, and the money was lent at a very low rate of interest. House plans were handed to them free, and as I say some $85,000,000 was lent under that scheme. A great deal of Leaside, parts of Toronto junction and right through north Toronto were built up in that way before the second world war.

There is only one amendment now before the house, because, as you ruled yesterday, Mr. Speaker, a subamendment cannot be moved until the first one is disposed of. I believe the time is past for any more conferences. The municipalities are sick and tired of conferences. Almost every train I have been on during this session has been carrying people to Ottawa to attend conferences. You cannot build houses with conferences. The day for conferences has gone by. The Ontario legislature has adjourned for the year; the city of Toronto has adopted its budget, and so have most of the York municipalities. Toronto some years ago gave assistance through the exemption of certain dwellings under the assessment act, and I believe we should give credit where credit is due for what has been done in the matter of housing—not enough at all, but it is a start.

I believe the government have done some good work. I have seen some of the houses they have built, and some of the apartments. In view of the scarcity of materials and labour this is a start in the right direction, and I am fair enough to say so. I do not believe they have done all they might, but here we see cause and effect; the lack of labour and lack of materials. Personally I think something should have been done to halt the con-

struction of some of these large bank and theatre buildings, where I believe they pay more for their material and their labour. As a civic official I had some experience with carpenters, bricklayers, lathers and plasterers, and I have been told they get better pay when working on banks, apartment houses, theatres and buildings of that kind than when working on small houses; and in addition their work is steadier. That may or may not be true; I do not know.

Then I think some assistance should have been given to make more use of Toronto island. I know what has been done at Belle Isle and along Lake St. Clair boulevard to help solve the housing problem in Detroit. The climate of Toronto island is good; sometimes in the winter it is as warm as it is in the city. If the government had carried out the proposal to build two bridges or a tunnel, that island could be used all year. As it is it does a great deal to lessen the housing problem during six or seven months in the spring and summer.

I believe one of the main reasons for our housing problem—I know because it has affected me—is found in the abuses of our housing control system. I had to part with some property I once owned. I did not need to sell it, but I disposed of it because I could not be bothered with the control system. You got a tenant in who signed a lease for no boarders; he turned the house upside down, let it go to rack and ruin, put in things not allowed in a residential district, profiteered and violated his lease; yet under the control system you could not do anything about him. So I parted with that property at a considerable sacrifice. If we could have some modification of that absurd control system I believe it would help the housing problem, as no one now wants to own real estate with such abuses. Under controls real estate has been permanently injured. It is an impossible system because it prevents private enterprise from building the smaller homes. Under our controls returned soldiers cannot get into houses they have bought with their credits and gratuities. So I believe that as soon as possible we should eliminate the control system as it applies to small houses. As the hon. member for Brandon said the other day fifty per cent is the law in New Zealand; it should be sixty per cent in Canada. For this year there should be a suspension of the building of skyscrapers for theatres and buildings of that kind; and the labour and materials used for that type of building should be diverted to housing projects up to sixty per cent. It is true that the materials used

[Mr. Church.]

may not be the same in all respects as for banks and theatres, but those costly buildings do lead to higher labour costs and higher costs of materials in connection with the building of small houses.

I believe the doctrine of paying bonuses, subventions and subsidies is a good one; if it is applied properly it would solve all economic needs of all the provinces. As I said earlier, I did not intend taking part in this debate, nor have I done so to any considerable length. But I can tell you this, that we in the city of Toronto have been a very happy people. Those who visited our city the other day would find there a kind-hearted people, a people who have a keen interest for their country in their hearts. Our city was built by people of that description—people of all classes from all parts of the world.

The city council has been committed to a certain program in connection with Regent street, and many other matters, and I hope the federal power will carry it out. I understand from the minister's bill that if any individual applies to the new corporation under Bill No. 280 he may obtain a loan up to ninety per cent. That fact has not been very well advertised either in the newspapers or over the radio. I suggest that there should be more extensive advertising of that fact. If it were known many people would apply immediately. We have something over four months before the early part of the winter—because we realize that immediately after the Canadian National exhibition, early in September, the fires have to be lighted again in our houses. I do not know where many people will be next winter, in view of the great number of applications for possession and ejection which have been and are now being made before the county court judges. Not a day should be lost in building with labour and materials made available. The only way to solve the difficulty would be to have a sufficient number of small houses built immediately. I do not believe in the building of too many larger apartment houses. I would urge that so far as possible the government should get on with the work and have a large number of small houses built in the next four months —and there are only four months in which to do this.

I believe Toronto has done more than any other city in Canada along the lines I have stated in providing splendid municipal service. It has gone a long way in connection with the ownership of public utilities. It owns its street transportation system, and hon. members will be familiar with the Toronto transportation commission. Then, it has been most active in the development of good roads, and has

paid forty per cent of the cost of the Toronto-Hamilton highway. The city has contributed to the operations of the York highways commission, which has built a magnificent highways system of fifteen miles in the Toronto area, and which now should be revised as only enabling and assumed by the province.

Mr. R. R. KNIGHT (Saskatoon City): Mr. Speaker, I had not intended entering the debate on housing, nor do I presume to be able to tell the minister anything about it. I do enter the debate, however, to take issue with the right hon. gentleman in respect of certain statements he made last night, and which, incidentally, he did not substantiate. I should hope he might consider substantiating them today.

I shall now proceed to give the other side of the picture, and shall refer to certain community enterprises which have been entered into jointly. I presume the minister would describe them as subsidized enterprises. They have been entered into jointly by the province of Saskatchewan with the assistance of the federal government.

The minister made certain statements about this housing and its success, or lack of success, when he spoke last night. I presume he was referring to certain community apartments which were built or remodeled in my own city of Saskatoon, and also in the cities of Regina and North Battleford, and other places in the province.

At page 4178 of *Hansard* the minister said, in connection with this subsidized housing:

> The government has considered subsidized housing. It has built subsidized houses—

And then he goes on to give an illustration. Speaking of this housing project, he said:

> The management of the buildings was left to the province of Saskatchewan and the rentals collected are the property of the government of Saskatchewan. That would be an excellent place for a socialist government, which gives lip service—

And I would rather he had left out the word "lip".

> —to subsidized housing, to practise a little of what it preaches. What are the facts?

Well, sir, I propose to give the facts on one side, and the minister, if he cares to, may give the facts on the other. The quotation goes on:

> Rentals for the housing,—

And it is these lines to which I take exception particularly:

> —largely paid for by the federal government, operated by the socialist provincial government, are somewhat higher than in corresponding localities in the rest of Canada. That is a clear indication that our socialist friends love to give lip service—

And there, quite properly, the minister was interrupted by vociferous objections from certain representatives of this group with such expressions as, "Give the figures". Then the minister said, "I know the figures" and again, "I know the facts". The minister may have them, but he did not give them. Therefore I should like to give certain of the facts on the other side of the argument.

Shortly after that, the minister said:

> We know all about subsidized housing. The difficulty with subsidized housing is that it does not build any more houses.

I shall not go into that general argument; but I will say that these particular houses did give shelter to a great many people all of whom, I believe, were veterans of the last war. While I have not the figures for other cities—although I believe they are comparable—I know that in my own city of Saskatoon 185 family suites were provided. There are 370 adults living in those community apartments. They have been organized co-operatively, and govern themselves. They have an elected council. There is a communal dining hall and cafeteria providing meals for the residents. There are 125 small children, none of whom I believe has yet attained school age—although I am not sure of that statement. There is a supervising nursery provided for the children, and they also receive weekly medical health check-ups.

I would bring particularly to the minister's attention the fact that the rentals for these apartments range from $15 to $35 a month.

Mr. HOWE: That is the highest return for an investment of anything I know of.

Mr. KNIGHT: I presume there are other comparable communities in the cities of North Battleford and Regina. I should like to give what might be called personal testimony to this sort of thing, because we have the evidence of my hon. friend and colleague, the member for Melfort (Mr. Wright), with respect to his son, a returned soldier who is married and who has one child. Those people lived at this apartment in Saskatoon, which is known as community apartment No. 7.

By the way, I should explain that these houses are reconverted from air force buildings brought in from air force field No. 4. This man and his wife, who lived at the apartment, paid $20 a month rent—and I would ask the house to note that that amount covered heat and light. They paid $42 a month for the board of the three of them—I suppose the board of the child would not be costly. In any event, the sum total for those three people, including laundry service, light, heat,

food, a nursery service which would have allowed the mother, if it had been necessary, to go to work to help the family—all this was provided for $62 a month. I should be interested to hear the minister's comparative figures of lower cost accommodation elsewhere.

This is not the only case that I am thinking of. There is in the employ of this House of Commons a stenographer who lived with her husband, a veteran, in a community apartment house at North Battleford. They paid $30 a month for a three-roomed suite, and this included light, heat, water and laundry services. They have no children and she, too, could have gone out to earn part of the family income. I do not think this socialist government, which the minister speaks of in a rather derogatory manner, is doing too badly. This subsidized project is providing accommodation for people which cannot be obtained—and I say this with due respect to the minister—in any other place in Canada.

Mr. HOWE: I call my hon. friend's attention to the fact that all the subsidizing is by the federal government.

Mr. KNIGHT: I am not suggesting that we should not have subsidization by the federal government; I am suggesting that we should.

Mr. HOWE: I was suggesting that not much subsidizing is being done by our friends in Saskatchewan.

Mr. KNIGHT: I have put the case as I see it. I wanted to get that on the record, because I do not think the minister has been fair in what he has had to say about our government or about the accommodation we are providing for these boys. This lady to whom I was speaking this morning who lived in the North Battleford project tells me that there is a long list of people who want to get into these apartments. These are the only apartments in this country that I know of where a veteran can live on the present veterans allowance and be able to attend university.

Mr. McILRAITH: Has the hon. member the capital cost of the building?

Mr. KNIGHT: I have not. I presume that that information would be in the department and be more readily available to the hon. member.

Mr. McILRAITH: I was asking a serious question because I wanted to follow the hon. member's argument.

Mr. KNIGHT: I know that the Saskatchewan government paid the same price as any other purchaser for war assets. I do not know whether the Saskatchewan government was subsidized in their purchase of these air force buildings.

Mr. HOWE: They were subsidized for the cost of fitting them up as apartments.

Mr. McILRAITH: I presume that the cost the government paid was eight per cent, but I want to ask the hon. member if he knows whether that is so, or did they get the buildings for nothing?

Mr. HOWE: They got them for nothing.

Mr. KNIGHT: Those figures are more easily available to the hon. member than to me. I do not know the facts, but I presume that the Saskatchewan government paid the same for the buildings as anybody else paid. I know they had tremendous difficulty in getting some of these war assets from the department.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, I will not be astonishing anybody in the house if I say that I am opposed to the amendment. I am opposed to subsidized housing for the same reason I am opposed to socialism. I do not believe it is in the interests of the people that their dwellings and homes should be owned by the government. I believe that that would give a new control to the government over the lives and activities of the people which would be a serious infringement upon the liberty and freedom to which we attach so much importance. However, there is nothing novel in this point of view and it is not the reason which prompts me to take part in this debate.

The building of houses is taking place principally in the industrial centres. Earlier in the week I came from Toronto by air, and I saw the great number of houses that have been built just outside that great city and also the housing developments that have taken place within the old city itself. The clamour for housing arises from the industrial population. There has been some natural increase in that population, but the principal increase is the accretion to the urban population resulting from the industrial activities of the war.

When Canada was engaged in the war she made a most substantial contribution to the allied cause through the production of industry. As a result people who had lived on the land and in smaller centres came to the factories, which were largely, if not entirely, concentrated in the great cities. The soldiery returning from the front came to the cities, some of them with wives whom they had married abroad. They took up residence in the cities. To a considerable extent it is

due to this accretion from the land and from the smaller centres that the great demand for housing has taken place.

I have not the figures before me. but the population of the province of Saskatchewan suffered a substantial reduction, while the population of centres like Vancouver increased at the expense of the rural areas. Greater Montreal now has a population of nearly a million and a half and Toronto must have a population largely in excess of what it was at the beginning of the war.

I am glad that the Minister of Trade and Commerce (Mr. Howe) is conducting this bill through the house, because it enables me to ask a person who should know a question which I think anyone interested in a long-range housing program must ask. Since the war, Canada has greatly increased her industrial plants and it is the constructors and the future operators of those plants who are seeking housing today. If the people in those categories were properly sheltered the housing problem of Canada would be solved. Not infrequently the ministers refers to a long-range program.

I think it is relevant in determining a long-range housing program for Canada to know the likelihood of finding markets for this greatly expanded industrial machine. What proportion of Canada's total production depends upon foreign markets? We were told at one time that the United States consumed its total production less about seven per cent. We were also told that Canada had to export nearly forty per cent of her production or encounter unemployment and the trials and tribulations that go with producing goods which can neither be consumed nor sold.

I am assuming that the minister will be able to tell the house what proportion of Canada's production has to be exported to maintain full or nearly full employment in Canada. Where are the markets to be found that warrant, in the first place, the great increase in our industrial plant, and where are the markets to be found that warrant the construction of homes in the great centres of Canada for an industrial population that must depend for its existence upon the finding of those markets which can take from the Canadian producer the fruit of his labours? I hope that the minister, out of the abundance of his knowledge and experience, will answer this question fully.

Canada at the present time seems to be entering into international arrangements which are making it more difficult for Canada to trade. Canada has had in the past—and to them she owes her prosperity in so far as it was derived from her industrial activities—sheltered markets. I speak of the preference which we enjoyed in many markets as a result of the British preference. That benefit was so considerable that wise men from other countries came to Canada with large amounts of money which they invested in plants in the hope of sharing in the benefits of the Canadian position.

But those times have changed, and Canada has found it necessary to enact laws, applied by the foreign exchange control board, which deny to the foreign investor, who brought his money here to build plants that he might enjoy the benefit of Canada's foreign and sheltered markets, the right to take home that money. This goes to show that the investment is not considered as safe as it was a few years ago.

Moreover, Canada has entered into agreements at Geneva which tend to reduce Canada's tariffs on a number of commodities which are manufactured by her rivals for the markets of the world, and in particular by the United States. Britain, under the form of government which she now has, is not a serious competitor because life in Britain has become costly and prices under her present system of government have gone so high that she is incapable of competing successfully in the markets of the world with many nations.

It seems to me therefore that a long-range housing policy should be directed to finding abodes for people in places in which they can live when markets fail. How can we expect to enjoy foreign trade? Europe is bankrupt, and Canada, in my view, is suffering today from inflation, largely because she is making goods which she is giving to Europe. A great deal may be said of this policy from a humanitarian point of view, but from an economic point of view it is disastrous, because Canada gets no goods in return for those she sends away, with the result that our people cannot find goods to satisfy their longings, and prices of those goods which are available rise constantly. In consequence we have this spiral of rising prices.

Moreover, under the Marshall plan, to which Canada is subscribing, Canada is sending to Europe not only goods that can be consumed but capital goods, the very purpose of which is to set up manufacturing establishments to produce goods in competition with our own. I have no status to discuss housing in all its intricate details. I profess to know very little about the costs of sewer pipe, shingles, cement and other items which go into the construction

of houses; yet I am forced to question a policy which favours the huddling together of people in large cities where they must starve if foreign markets fail. I suggest to the minister that a wiser policy would direct people to abodes nearer the land, where what is called, sometimes with a sneer, subsistence farming is possible. I remind you, Mr. Speaker, that probably ninety per cent of the world's population is yet devoted to subsistence farming. The government should not neglect this relationship between the individual and the soil from which he derives food, shelter and clothing.

I know it is not popular to oppose any policy of housing at a time when there is a great dearth of housing, and when, as has been pointed out by many speakers, suffering, inconvenience, disease and possibly crime may be traced to inadequate shelter in the big centres. Yet, this is a passing phase; borrowing again from the minister the words "long-range policy," which he uses not infrequently, I am bound to question the wisdom of his policy as a long-range policy, because the bill before us tends more and more to make the Canadian people dependent upon markets, the existence of which is not only uncertain but nebulous.

When the minister closes the debate I hope that he will be good enough, out of the wealth of his experience and information, to devote a few sentences to the aspect of the question which I have attempted to lay before the house.

Mr. F. S. ZAPLITNY (Dauphin): I wish to say only a few words on this question, but I was very much interested in the speech of the hon. member who has just taken his seat, particularly the first sentence he uttered, which, if I remember correctly, went something like this, that he is opposed to subsidized housing for the same reason that he is opposed to socialism. I hold in my hand *Hansard* of May 5, in which the hon. member for Vancouver-Burrard (Mr. Merritt) made a rather good speech on the subject of housing. It is unfortunate that the two speeches from the Progressive Conservative ranks in this respect cancel out each other. I should like somebody in that group to tell us what the party policy actually is, because ours is stated in the amendment before the house. I want to quote from the record where the hon. member for Vancouver-Burrard took the Secretary of State for External Affairs (Mr. St. Laurent) to task for having made a statement at an earlier time. I will quote directly from page 3644 of *Hansard,* where the hon. member said:

> I want to call the attention of the house to a statement made recently by the Secretary of State for External Affairs (Mr. St. Laurent) in a public speech. He said:
>
> "No government of which I form a part will ever pass legislation for subsidized housing."

I do not know if he was speaking on behalf of the government in that speech or not. At that point somebody interjected: "Shame!" Then the hon. member for Vancouver-Burrard continued:

> That was a dogmatic and definite statement, and I think it is the mainspring behind the minister's recession from his enthusiasm in approaching this problem two years ago. That statement indicates a fatal refusal to face realities in this field.
>
> There is nothing necessarily socialistic about subsidizing housing for the low-income groups.

Take the two speeches together. One hon. member said that there is nothing socialistic in subsidizing low-rental housing, and criticized severely the government for having backed up on that policy. The hon. member for Stanstead (Mr. Hackett) opposes that policy because it is socialistic. Is it any wonder that much of our housing legislation is as confused as it is? I should like to put on the record what the amendment before the house actually is, in order that it may indicate what the vote will be about. The amendment moved by the hon. member for Mackenzie (Mr. Nicholson) is in these words:

> That Bill No. 280 be not now read a second time but that it be resolved that in the opinion of this house the government should give consideration to providing subsidized low-rental housing.

In other words, the question before the house is whether, in the opinion of this house, the government should consider the subsidization of low-rental housing or not. I have in mind the action taken about two years ago by the government in giving certain concessions to a company known as Housing Enterprises. In our area we had some personal experience with that company which, because it came under Central Mortgage and Housing Corporation, was given the privilege of buying up certain airports, tearing them down and using the material for setting up housing units. The local authorities, who were interested in housing, were not given the same type of concession; yet this company, which was, after all, a private company set up by the insurance companies of Canada, collected much valuable material, much of which the company resold to other people at a handsome profit. In the end, after a certain bit of wavering

activity, they folded up and nothing much came out of it. In other words, the policy of the government to date appears to me to be not one of subsidizing low-rental housing but rather of subsidizing private companies which are in the business of lending money to build houses to make profit.

The house will have to make a decision on that sooner or later. Either we are in favour of the government assisting directly in the building of low-rental housing for the purposes of the people, or we are not. When this amendment is put it will be interesting to note how my hon. friends of the official opposition vote, in view of the two directly contradictory speeches we have heard from that side of the house, one saying that subsidized housing is socialistic, and therefore he is opposed to it, in spite of the fact that it has been done in England for many years—

Mr. HACKETT: And see where they landed.

Mr. ZAPLITNY: As far as house building is concerned, I think the record of Great Britain compares very favourably with the present situation in Canada.

Mr. McILRAITH: Not very.

Mr. ZAPLITNY: We must remember that there was a little bit of destruction carried on in that country during the war, which we did not have here. But if we take their peacetime construction, both before and after the war, under the coalition and the labour governments, I think we shall find that their house-building program has been extraordinary, considering everything.

I believe enough evidence has been introduced in this house to show that, regardless of what we may think in terms of public or private enterprise, houses are not being built as fast as they are needed, and people with modest incomes are not able to rent even the houses which are available. Therefore the only answer seems to be subsidized housing, or else a lot of people will go without roofs over their heads.

Mr. G. J. McILRAITH (Parliamentary Assistant to the Minister of Trade and Commerce): Mr. Speaker, perhaps I may take a few minutes of the time of the house to deal with one or two points raised in the course of the debate. First of all, I should like to make a short reference to the statements made yesterday about Wallis house.

Mr. MacINNIS: On a point of order, Mr. Speaker, was it not ruled yesterday that any reference to that was out of order? I was not in favour of the ruling, but I think that was the ruling which was made.

Mr. DEPUTY SPEAKER: I do not recall.

Mr. NICHOLSON: I was discussing the matter, and was asked by the minister and by Mr. Speaker to discontinue, and I did not proceed with my discussion. I had my argument here. I understood the Speaker's ruling was that I was not allowed to continue.

Mr. GOLDING: Your leader did.

Mr. McILRAITH: On the point of order, the hon. member for Rosetown-Biggar (Mr. Coldwell) discussed the matter at some length. He spoke after the hon. member who has just taken his seat. I merely wanted to let the house know what I thought might be of some interest to it with regard to that project. I am not defending the project nor advocating it as an ideal project. I think the house, in view of what was said by the hon. member for Rosetown-Biggar, should have some information about how that project is administered, who administers it and under what authority. It was merely to complete the record. My recollection is that no point of order was taken.

Mr. FLEMING: On the point of order, Mr. Speaker, I am not concerned with the particular issue, nor would I wish to curtail participation in this debate by the hon. member; but if you will refer to yesterday's *Hansard* you will see, at page 4163, that this was definitely made a point of order, and it was made a point of order by the minister himself. At page 4163 some reference is made by the hon. member for Mackenzie to the question and the minister intervenes:

> Mr. Howe: On a point of order, Mr. Speaker, the federal government has nothing whatever to do with the operation of Wallis house, and I suggest that any discussion of that matter is entirely out of order.

There follows further discussion and the minister asks what that subject has to do with the bill before the house. There is still further discussion in which the minister participates, and Mr. Speaker says, at page 4164:

> I would call the attention of hon. members to the fact that the bill before the house is an act to amend the National Housing Act, 1944.

There is further discussion, and at the bottom of the first column Mr. Speaker said:

> May I call the attention of hon. members to the explanatory note in the bill. It states—

And then he quotes the explanatory note and concludes:

> That is the principle of the bill before the house, and I think hon. members should confine their remarks to that principle.

Whether the point of order was properly taken at the outset or not, whether the ruling

made was correct or not, it must work both ways, and it is not for the parliamentary assistant to override a ruling made on the objection raised by the minister.

Mr. DEPUTY SPEAKER: I have read the references made on this question by hon. members yesterday; I have also read the remarks of Mr. Speaker, and I cannot find that Mr. Speaker made a ruling to the effect that any reference to Wallis house was out of order. In fact, after Mr. Speaker had made his remarks, I find, at page 4165 of *Hansard*, that Mr. Coldwell referred to Wallis house and said he had seen conditions there, and no point of order was raised at that time. I therefore rule that the hon. member for Ottawa West may continue with his remarks.

Mr. GRAYDON: The minister is going to raise another point of order on you.

Mr. NICHOLSON: He just got in, in time.

Mr. McILRAITH: The hon. member for Eglinton seemed greatly concerned about it, but if he had read a little more of *Hansard* to the house he would see how ridiculous and unfair his position is. Be that as it may, hon. members can draw their own conclusion—

Mr. NICHOLSON: It was the minister who raised the point.

Mr. McILRAITH: —from the parts he read and the parts that were not read. The fact remains that yesterday the hon. member for Rosetown-Biggar did speak at some length about it and left what I consider an incomplete picture of the conditions there.

I thought it only fair, since the house is voting money for emergency shelter, that hon. members should know just how that emergency shelter is administered and where that authority dealing with the actual control of the tenants lies. If hon. members are not interested in that, I am not concerned in pressing the matter at all.

Perhaps I can deal with some matters that are squarely in order, even in the opinion of all hon. members opposite. Wallis house, I might add for the benefit of some members who were not here yesterday, is an emergency shelter undertaking in the city of Ottawa, housing fifty-four families. Perhaps I will not say more about it now. It seems to me that when we are on the bill we should deal with some of the responsibility for it, since it has been raised and given wide publicity.

[Mr. Fleming.]

There is this, however, about emergency shelter generally, and it is well to recall to the chamber just what emergency shelter authority is and how it arose. It arose in 1944, at the end of the year, under the wartime prices and trade board, and it was later transferred, as of January 1, 1946, to the Central Mortgage and Housing Corporation. The purpose of it was simply to provide a coordinated agency to assist the municipalities in seeing that maximum use was made of available housing units, and in providing temporary emergency accommodation for families who, through no fault of their own, were without accommodation.

The point I wish to make is that it was never the intention of the emergency shelter administration that emergency shelter units should be regarded as semi-permanent homes for individual families. It was rather intended to assure people who found themselves without shelter that they would be kept warm and dry while they tried to find more permanent accommodation.

Through emergency shelter the type of thing that was done was (a) to lease to the municipalities, on nominal rentals, surplus crown-owned buildings located near congested areas which were suitable for conversion into temporary emergency accommodation, and (b) to make definite grants to municipalities to assist in financing initial costs in converting or building emergency shelter units.

Up to the present time some 8,500 emergency shelter units have been created, and commitments to the municipalities have been in the neighbourhood of $4,650,000. The original value of crown-owned buildings leased to municipalities on a nominal rental for emergency shelter purposes is about $8,250,000. In addition to assisting municipalities, there was some rather active work in assisting universities with the special problem they had with married veteran students.

Some thirteen universities had been assisted in providing a total of 1,439 units. The federal government contributed $1,075,000 toward the cost of providing these units of building—that is, crown-leased buildings—to the universities for emergency shelter purposes at an original value of $1,250,000.

I thought these statistics would be helpful in getting the discussion of emergency shelter back upon its base.

Mr. NICHOLSON: Has the hon. member the rents charged in Saskatchewan as compared with other provinces?

Mr. McILRAITH: I have not them here.

Mr. NICHOLSON: I thought either the hon. member or the minister would place them on the record to support the minister's statement yesterday regarding Saskatchewan rates.

Mr. McILRAITH: I have not rents here at all. In fact, I have very few notes. They are much more sketchy than I would have wished if I had had more opportunity.

It is interesting to recall here exactly what number of houses was provided by the dominion government through direct efforts last year. The figures are: Wartime Housing Limited, 5,421; emergency shelter, 3,751; housing enterprises, 2,847; and by army, air force, navy and transport department, about 1,000, making a total of 13,019 houses provided directly by the dominion government last year.

Mr. HACKETT: What was the total?

Mr. McILRAITH: I am coming to that. In addition to that, and the other houses built last year, the dominion government, through the low-cost housing veterans priorities, provided direct assistance in getting materials for an additional 16,896 houses. As to the total number of houses built, the figure in Canada in 1945 was 48,000; in 1946 it was 67,000, and in 1947 it was 79,000. Hon. members will notice that the figure I have given for 1947 is different from any previously given. The revised figure from the bureau of statistics is 79,000 houses for last year. The preliminary figure used in most of the discussion and debate has been 77,000. The explanation of the difference is simply that they have completed the revision of their work.

Mr. HACKETT: Would the hon. gentleman care to give the breakdown by provinces for 1947?

Mr. McILRAITH: I could get it, but I am afraid I do not have it here; I am sorry.

It seems to me that the whole trend of the debate has been to belittle what has been done in Canada. I rather take the position that the effort in Canada has been quite good; but in taking that position I want to make it clear that I am fully aware of the shortage of housing and the urgent need for more housing. Yesterday we heard so much about all the rest of the world in relation to housing, and it was certainly a great picture, I began to wonder why I was born in Canada. I always had the naive feeling that it was rather a fine place in which to be born, and that I owed a great deal to my ancestors for having come to this country. I took the trouble to get some statistics as to housing in other countries for 1946 and 1947, and I have them here. They show the number of completions in those years, the population, and the number of completions per thousand of population, which I think is the fairest method of comparison.

	Completions	Population	Completions per thousand
Canada			
1946	67,194	12,283,000	5·47
1947	79,000	12,582,000	6·29
Australia			
1946	25,300	7,449,000	3·40
1947	36,500	7,581,000	4·81
New Zealand			
1946	9,500	1,761,000	5·39
1947	11,000	1,803,000	6·10
United Kingdom			
1946	243,851	47,175,000	5·17
1947	237,000	49,748,000	4·76
United States			
1946	476,400	141,229,000	3·37
1947	900,000	144,002,000	6·25
South Africa			
1946	7,219	2,363,000	3·06
1947	8,705	2,397,000	3·63
Sweden			
1946	40,800	6,719,000	6·07
1947	40,000	6,785,000	5.90

From an analysis of these figures it will be seen that Canada has provided more housing on a per capita basis than any other of these countries. As I say, I do not want to be misunderstood on that. I appreciate that there are problems in Great Britain, where there was great destruction of plant; and I also appreciate that there is a housing shortage. I am not trying to minimize it; I am merely making the point that in comparing our own construction effort with that of any of the other countries—and I have tried to select the ones I thought would be comparable—our effort appears to be and is, I believe, better than that of any other country.

Mr. BENTLEY: Have they as many trees in Britain as we have?

Mr. McILRAITH: No; but they do not have the frost in the wintertime, either.

Mr. GRAYDON: In order that the statement may be complete, would the hon. gentleman also put on record—I fancy he may have them on his file—the promises made by government speakers during the 1945 campaign as to the number of houses they would build?

Mr. McILRAITH: If the hon. member for Peel (Mr. Graydon) will take those promises and forecasts of housebuilding in this country he will find it extraordinary how they have been lived up to, notwithstanding the remarks—

Mr. JACKMAN: Why should it be so extraordinary?

Mr. McILRAITH: I will tell the hon. member, through you, Mr. Speaker, what is so extraordinary about it. On a great many occasions in this house I have had the pleasure of listening to one of my hon. friend's colleagues, from the city he represents, the hon. member for Eglinton (Mr. Fleming)—

Mr. FLEMING: The world's greatest constituency.

Mr. McILRAITH: — and from him I have heard stories of what little had been done in this country in comparison with other countries. I was so much impressed with those speeches that I took the trouble to check up. I found, as I have said quite frankly, that the forecasts and the actual record of accomplishment are almost identical. For instance, I point out to hon. members that last year the forecast was 80,000 houses, and I am advised that the figure of actual construction is 79,000.

Mr. GRAYDON: But that is not the election forecast; that is the House of Commons forecast. I am talking about the election forecast.

Mr. HOWE: You pay attention to the present election; they need your help pretty badly.

Mr. McILRAITH: If the hon. member for Peel wants to deal with elections I shall be glad to do so. However, there are one or two other things I should like to mention. We speak of the housing problem here as though the only authority having anything to do with it were the dominion government. The plain truth of the matter is that the direct responsibility of the dominion government in the field is fairly limited. Rightly or wrongly, property and civil rights were left, under our constitution, to the provinces, and they also have a responsibility. I am one of those who believe that the housing needs of this country can be met only through co-operation on the part of all levels of government having responsibility. That means simply the dominion government, the provincial government and the municipal governments. The municipalities have their problems in connection with taxation and so on—

Mr. NICHOLSON: But the hon. member would admit that the federal government should give the lead in convening these conferences?

Mr. McILRAITH: No, I will not admit that it should give the lead, but I do say most emphatically that it has given the lead. I pointed out to the hon. member a short time ago in my remarks that last year the federal government built directly, of its own volition, 13,000 houses, and provided direct priority assistance for some 16,000 more; and in addition it made money available for a great deal of other building; a very substantial amount of money, indeed.

I come back to the question of co-operation. Hon. members directly opposite have seemed to talk about elections. The simple truth of the matter is that in meeting this most difficult type of problem, a type which requires co-operation from three levels of government, municipalities in the main have co-operated very well. I suppose in a country of this size it is inevitable that one would find a municipality somewhere where co-operation is not as good as it might be. In the main, however, they have tried to co-operate. Sometimes they have been a little slower than some of us might have wished; but I think it is fair to give them credit for trying to do something in co-operation with the dominion government.

The record of provincial governments is something I invite hon. members to think about a little bit. I hope that, with the years that lie ahead, it will increase rather than decrease; if indeed it is possible for the small quantity which has been forthcoming in the past to decrease at all.

It is not my intention here to make any remark which in any way could be used as giving any provincial group the right to come out and say, "How can we co-operate with anyone in the dominion parliament who is making remarks about lack of co-operation?" But I would invite hon. members from Ontario, who were so vociferous a minute ago, to recall what the record of that province is. I invite them not to take my word for it, but to read the legislation of the province of Ontario on the subject. It is on record in our library here.

In Ontario they have had two bills—rather interesting ones. One of them is called "An act respecting provision of services by the province and municipalities to persons occupying dominion crown lands". Perhaps I should say no more about it because, after the bill was passed, the premier of the province undertook that it would never be proclaimed. I leave it to hon. members to read the bill and to see what interpretation they put upon it. It is not exactly called co-operation.

Then there is another bill, Bill 125, which was passed just on the eve of the announcement of the election in the province. It is a very short bill, taking all of a page and a half—a most extraordinary thing. All I can say about it is that I hope it works. I hope

it does something to assist in this very difficult problem. For my part, if there is any way to help the province to do anything to assist in meeting a difficult problem, I mean to do it.

Mr. GRAYDON: Call a conference of the provinces first. That would be the first thing.

Mr. McILRAITH: I would point out to the hon. member for Peel that he would do well to read that bill, and then to read the statements made through the press at certain meetings of a party with which he is familiar. He will find quite a divergence. I hope that the press reports are right, and that the bill is all wrong. Sometimes when I read the bill and then read the statements incidental thereto, upon introduction in the Ontario house on April 1—and I do not know whether that date has any significance or not—I can only hope that the bill is all wrong and that the newspaper statements are all right.

In any event, the point I am seeking to make is that it is a mistake for any member of this House of Commons to think a maximum by way of production of houses in Canada can be achieved without continual co-operation of the provinces, the dominion and the municipalities.

Mr. GRAYDON: Why do you not call a dominion-provincial conference and have the whole thing cleaned up? That is at the bottom of it all.

Mr. McILRAITH: The hon. member for Peel persists in asking me that question—and it may have been asked thoughtlessly or, on the other hand, seriously. And if he asks the question seriously, I would ask him only to seek to recall to his mind the experience of the last dominion-provincial conference and the actions of certain leaders from certain provinces at that conference, and since.

Mr. ROSS (Souris): Including Nova Scotia.

Mr. JACKMAN: And officers of the federal government.

Mr. McILRAITH: I am delighted to note the interest of hon. members opposite from the province of Ontario in this matter. I am delighted, too, that they have pressed me a bit on it this afternoon, because it will be interesting to note that they do not come back at me with this bill, which is the actual legislative record of the provincial government of Ontario, which they so ardently support. They do not say anything about that. But they do come back at me with all sorts of other questions.

Mr. BENTLEY: Do not judge Canada by Ontario.

Mr. HARTT: That is right.

Mr. GRAYDON: The only strange part of it was that your party supported it. Did it not? That is not easily explained away.

Mr. McILRAITH: Perhaps it is difficult to explain away; but I would just say in reply to that that they must have taken the word of the one who introduced it.

Mr. GRAYDON: It must have been agreed to by your own party. That was Farquhar Oliver's bill, the same as anybody else's.

Mr. McILRAITH: They relied on the remarks of the minister introducing it. I have those remarks here, if the hon. member wishes to hear them. But I would just point out to hon. members from Ontario, that in Ontario today veterans who are in need of housing are invited to make, and in fact are making applications for assistance in getting loans for the construction of houses. There may be some indirect way of providing those loans to the veterans under that provincial bill. But certainly there is no direct way under the bill. It just is not there. Those veterans are making application—

Mr. GRAYDON: Farquhar Oliver supported it.

Mr. McILRAITH: Yes, I know; and the hon. member for Peel may interject all he wishes, but he cannot get away from the seriousness of the position that a few thousand veterans in one province of this country are being invited to make application for direct loans, and are making those applications, and the authority for making them may not exist.

Mr. GRAYDON: And Drew will give it to them; don't worry.

Mr. McILRAITH: That cannot be explained away by the light, flippant remarks of the hon. member for Peel. It is far more serious than that; and, so far as I am concerned, I will content myself by saying that I hope there is some indirect way of seeing that those loans are made available. For my part I mean to do everything I can or of which I know, by way of co-operation, to get out of the bill any value there is in it, for the benefit of the people who need houses.

Mr. GRAYDON: Why raise obstacles to it, then?

Mr. McILRAITH: I am not raising obstacles to it.

Mr. GRAYDON: You are.

Mr. McILRAITH: I am seeking to bring this debate back to the motion before the house, which is a simple motion for second reading of a bill dealing with the federal government's responsibility in connection with housing. It is an amending bill.

There was some discussion this afternoon of the confused and difficult question of subsidies for housing. No one has yet defined exactly what is meant by subsidies for housing. However I was interested in the debate, and particularly in the few remarks of the hon. member for Saskatoon City (Mr. Knight). He spoke about some housing provided in his native city, and gave some examples. I did not know he was going to deal with those particular projects, or I would have sought to have the figures here. I am sorry I have not those figures with me. I asked the hon. member for them, because of my keen interest in his argument. I think, however, it may at some time or another be desirable to subsidize in some way some types of housing; although I never have been quite sure of what is meant by "subsidize". I think what the hon. member had in mind was a direct grant toward capital construction; I believe that is a fair estimate of what he had in mind. He spoke about the project, but made no reference to the capital cost of it. I am speaking from memory and have not checked the figures, but my recollection is that the project of which the hon. member spoke consisted of a building which was provided by the dominion government to the province free of cost and that the dominion made a grant in addition toward the cost of converting the building into suitable living accommodation. If there were anything paid for the building I presume it would not be more than eight per cent of the cost.

While the hon. member was asking for a direct subsidy for housing, he made what I considered the most perfect argument I have ever heard against subsidies for housing. He made a better argument than one would expect from a person who was flatly opposed to subsidies in any and all forms in any and all circumstances.

I could not help noting the example he gave of the married couple who were living in the housing accommodation which he described in rather good terms. This was serviced housing accommodation, with light and heat provided at a rental of some $30 a month. He mentioned that the couple had no children, that the husband was working and that the wife was able to go out to assist the family finances by working. From the nature of her position she would receive a salary of about $175 a month.

Mr. NICHOLSON: Not while living in the unit.

Mr. McILRAITH: That was the assistance she was able to give toward the family finances. In any event, the two were able to work and they had this accommodation, with heat and light provided, at $30 a month.

Mr. NICHOLSON: It was some time ago that she lived in the accommodation, not now.

Mr. McILRAITH: In any event, she seems qualified to earn $175 a month. Even though she were getting considerably less, the point is that people with an income like that were living in subsidized housing, the capital cost of which, along with a substantial part of the cost of conversion, had been paid by the dominion taxpayers, by taxpayers in income brackets down to a minimum exemption of $750.

Mr. FLEMING: Why did you not raise the exemption?

Mr. McILRAITH: I am thinking of the effect upon the working men and women of this country who have to pay income tax to an extent to provide a project of that kind to give low-rental housing to persons with that income.

Mr. NICHOLSON: He was a student veteran.

Mr. McILRAITH: I qualified my remarks at first; but I have never in all my experience heard, even from the most ardent opponents of subsidies, any example of a more unfair use or abuse of subsidized housing. I simply point that out.

Mr. NICHOLSON: You just have not the facts.

Mr. McILRAITH: Since the second great war, taxpaying has been a hardship on a good many of our people; and to state a proposition in the bland way in which it was stated, that accommodation should be provided for people with that level of income and in those circumstances, is not the best argument that could be made for subsidies. There may be other arguments that could be made that might be good, but I just wanted to bring the house back to a sense of reality on this question of subsidized housing and to show just what it involves with all its ramifications. I want to thank the house for its courtesy and indulgence in allowing me a few minutes longer and I hope I have added something to the debate.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, I desire to say a few words at this time. I spoke on this question before and I had intended to leave the rest of my remarks until the bill was in committee and we were discussing it clause by clause. The parliamentary assistant during the course of his remarks stated that the condition of housing in Canada was exceptionally good.

Mr. McILRAITH: Not the condition of housing, no.

Mr. JOHNSTON: Should I say the progress of construction?

Mr. McILRAITH: Yes, as compared with other countries.

Mr. JOHNSTON: I think there is another point of view in that regard. I agree with the parliamentary assistant when he says that there has been good progress in the construction of homes, but I am a firm believer that it is better to build one good house than two poor ones. I have made that statement on several occasions. During the first few years of this program the houses that were built were nothing but a shame and disgrace.

After the program had been in effect for two or three years and there was sufficient time to know what type of house was being built, I recall vividly drawing to the attention of the government the condition of some of the houses which had been built in Hull and which I had personally visited. I think I was possibly the first one in this house to criticize the type of construction that was being carried on, particularly in western Canada and more definitely in Calgary. I recall that the minister stated at that time that the facts which I had brought forth were not true; yet the parliamentary assistant will recall that we have spent millions of dollars in repairing houses that were classed as new houses.

Mr. HOWE: Is the hon. member referring to the program covered by this bill?

Mr. JOHNSTON: Not particularly. I was speaking of housing generally.

Mr. HOWE: The hon. member should make that clear.

Mr. JOHNSTON: I will agree with the minister when he says that my remarks do not pertain specifically to the bill under discussion, but it has been drawn to my attention that they are just as close to the topic under discussion as were those a while ago of the parliamentary assistant.

Mr. MacINNIS: That would not be very close.

Mr. JOHNSTON: Having had experience with the houses that were built in the past, I thought the minister of reconstruction should pay particular attention to the type of house that is now being built. Coming a little closer to the minister's question, I would draw his attention to the type of wartime housing built last year. I visited some of the houses which had been built in Calgary along the railroad tracks, and at that time I did not think the way the houses were being prefabricated was good for the housing program. I am convinced that that type of house will not stand up. I think the change that has been made, where the individual has more control over his house, will result in a better type of house. I was never and am not now one of those who think the best type of house can be built by mass production. My view is that you cannot build a whole side of a house and then transport it a long distance on a truck, erect it and nail it into position, and have as sound a construction as when you build step by step right on the foundation.

Mr. HOWE: The hon. member for Lethbridge (Mr. Blackmore) was advocating a worse type of house.

Mr. JOHNSTON: I cannot help that. He was speaking on his own responsibility.

Mr. HOWE: Your party will have to get together.

Mr. JOHNSTON: I am speaking of the type of house that is being built by the government. The hon. member for Lethbridge was speaking of the type of house that should be built—two very different things. I think the fault was that the government did not have enough competent inspectors, but under this new program which the minister is now proposing the same inspectors, in many cases, will supervise the construction. Unless a change is made in supervision and inspection, I am quite sure that the houses built will not be up to the proper standard.

When the parliamentary assistant was discussing the houses he said that Canada should not be compared with Great Britain, and I agree because conditions in the two countries are not comparable at all. Great Britain is having difficulty in getting materials and has a great shortage of labour. But we in this country, if our resources were channeled into the proper courses, would not have difficulty in getting supplies for building private homes. The fact is, however, that too much material is being channeled into commercial construction.

I agree that some capital construction is necessary, but not to the extent of eliminating

private home building, which is what is happening now. As a result, we are running into a great shortage of nails, soil pipe, plumbing and other requisites. We have no shortage of labour for a construction program. Someone has said that you need first-class carpenters, at $1.25 an hour, to build a house. I do not think you do. Certainly the men who are being employed on government housing are not all first-class carpenters. A great many apprentices are being used, as I know from actual experience. I am not criticizing that, because I believe you can and should use many apprentices in this type of work, always provided that you have proper supervision by competent builders. A very large number of people in this country are now unemployed and they could be put to work in the construction business. So there is no comparison between Canada and Great Britain. We have the materials, all the wood materials, at least, and nearly all the metal materials required. The step which the minister announced yesterday of the suspension of the production of barbed wire for two months to encourage the production of nails will help to relieve the nail shortage too. Se we have all the requisites for a building program which would be satisfactory to Canada.

A word about subsidizing. I know that subsidization is not a permanent cure, but I suggest it as an emergency program to meet an emergency condition. There is a tremendous shortage of houses, and subsidies would help to offset the tremendous increase in building costs. It is safe to say that building costs have increased from fifty to 100 per cent. The cost of labour and of materials of all kinds has also increased. I do not think there will be much increase in home building, especially by private individuals, until some method of assistance, subsidies or otherwise, is devised whereby construction costs will be offset. Unless a person is right up against it, he would be almost foolish to build under present-time costs. Yet where is he to live, particularly if he has a family, if he does not go ahead and build his own house? I do not believe you can build the ordinary five-room or six-room house under present conditions for less than about $8,000; I am speaking of the private individual who has to buy his lumber and other materials in small quantities.

Mr. MacNICOL: No working man can afford that.

Mr. JOHNSTON: No working man has sufficient capital to do it.

Mr. HOWE: My hon. friend says that no one can build houses today. Is he aware that more houses are being built at this particular moment in Canada than ever were built before at one time in the history of Canada?

Mr. JOHNSTON: I am quite aware of that fact, but the minister must acknowledge that everyone who is building a house will go into debt and will be in debt for that house for the next twenty-five or thirty years. The minister will not say it is sound policy for people to be forced to go into debt for the next twenty-five or thirty years.

Mr. HOWE: My hon. friend was saying that no one could build a house today.

Mr. JOHNSTON: He cannot, on his own resources, and if he gets a house through some government plan he has to pay for that assistance.

Mr. WARREN: Is the hon. gentleman interested in knowing that I know a man who built himself a house, and a good house, for $475.

An hon. MEMBER: It must have been just before an election.

Mr. WARREN: No. There are ways of doing things, if you have initiative. If the hon. member wants to know more about it, I will tell him.

Mr. JOHNSTON: I shall not comment on my hon. friend's remarks because I know from experience that it is impossible to build a house in a city for $400.

Mr. WARREN: I am not talking about the city. If my hon. friend wants the story I will give it to him.

Mr. JOHNSTON: The ordinary common plumbing in a five or six thousand dollar house in the city costs $450.

Mr. WARREN: I still have my story if you want it.

Mr. JOHNSTON: In reply to the minister's remark that more houses are being built today than ever before, I do not think he will deny that those who are buying these houses are going into debt. The Minister of Finance (Mr. Abbott) told us in his budget speech last year—and there has been no change in conditions since—that over half the married people in Canada are living on an income of less than $1,500 a year, and the people to whom we are trying to make houses available under this plan are in that income class.

Mr. WARREN: May I add that the man built this house in his overtime while he was working eight hours a day.

Mr. JOHNSTON: I did not get the question. Was it a question?

Mr. WARREN: It was an addition to my contribution.

Mr. WYLIE: A $64 question.

Mr. SPEAKER: Order.

Mr. JOHNSTON: I thought the hon. gentleman was endeavouring to ask a question. Let me say to the hon. member—

Mr. WARREN: I will describe the house if you want me to. Give me the time, some of your time, and I will describe it.

Mr. JOHNSTON: When we realize that the people to whom we are trying to give houses are people in the low-income brackets who cannot afford to pay high and exorbitant rent—

Mr. WARREN: $475 is not too much.

Mr. JOHNSTON: If you go out and demonstrate some of the $400 houses you will have something to talk about.

Mr. WARREN: I will take you up on the first opportunity and show it to you.

Mr. JOHNSTON: I should like to see it.

Mr. WARREN: I will show it to you.

Mr. JOHNSTON: It might be the type of house in which you would like to live, but not the kind I would advocate for those who went overseas and fought for this country.

Mr. WARREN: It is a good house.

Mr. SPEAKER: Order. I would ask the hon. member not to interrupt without the permission of the hon. member who has the floor; and I would ask the hon. member who has the floor to address himself to the Chair.

Mr. WARREN: I thought the hon. gentleman wanted some information.

Mr. JOHNSTON: If the hon. gentleman will sit down I shall be able to address you, sir.

Mr. FAIR: Knock him down.

Mr. JOHNSTON: That would be a pleasure. When we consider that the type of house we are talking about is one that would be suitable for the man in the low-income bracket we see that he must have a salary of around $2,000 a year. Yet the Minister of Finance said that more than half of the people of Canada, if they are married, cannot afford a house in which to live because they do not have sufficient income. That is a drastic picture to be painted by a cabinet minister, and one of the top cabinet ministers at that. How are we to supply that fifty per cent of our population who are in such low-income brackets with houses if we do not assist them by subsidization? I am not in favour of subsidization as a permanent plan, but I am advocating subsidization as a temporary measure to get over this crisis.

Mr. FAIR: To get a roof over people's heads.

Mr. JOHNSTON: Yes; to get them some place in which they can live in a little bit of decency.

Mr. WYLIE: And that would not be a $450 house.

Mr. WARREN: The house I am talking about is up to that standard.

Mr. JOHNSTON: The type of house you are talking about would not pass the inspection of anybody—

Mr. WARREN: It would pass the inspection of anybody in this house.

Mr. JOHNSTON: —because all you would have in it would be a sewer pipe.

Mr. SPEAKER: Order.

Mr. FAIR: I thought it was a backhouse.

Mr. SPEAKER: I suggest to hon. gentlemen that if they have some questions to address to each other they should allow second reading of the bill and ask their questions in committee.

Mr. JOHNSTON: I have just one more thing to which I should like to refer. I should like the parliamentary assistant to the minister to take particular notice of this, because the minister is not in his seat at the moment. I am sure the parliamentary assistant would not want this condition to exist. I do not think the minister would want the condition to exist whereby anyone who participates in this government plan under the very bill that we are discussing today would lose his equity in his house. I say to the parliamentary assistant, and I am sure he knows it, that under the contract, which these companies force a man to sign, it is possible for him to lose every cent of equity he has in his house. Under the contract which he is forced to sign, a man can make every solitary payment except the last one, and he can be kicked out of his home. He can be deprived of all his equity and he can be deprived of the right to go to court as well.

Mr. McILRAITH: He has a legal right—

Mr. JOHNSTON: Under the terms of the contract which he signs—the minister mentioned it the other day, and I shall discuss it in greater detail when we get into committee—

a man can be deprived of his equity in his home. I bring that to the attention of the parliamentary assistant at this time so that he may look into it.

Mr. McILRAITH: The hon. member is missing one point. It is a legal right—it is too technical to discuss here—of relief against forfeiture in the courts, and so on.

Mr. JOHNSTON: The only legal right that man has is to go to court to ascertain whether or not he has broken one of the covenants set out in the agreement. Once it is determined that he has broken any single covenant in the agreement, that is as far as his rights go in the courts. There is no disputing that fact. The parliamentary assistant shakes his head and says he does not think that is right.

Mr. McILRAITH: The point I am making is that the hon. member is dealing with the contract. He is completely ignoring the old rules of equity in the law courts. It is too technical to argue without preparation.

Mr. JOHNSTON: The thing I am objecting to is this—

Mr. McILRAITH: If the hon. member will deal with that factor as well it will help.

Mr. JOHNSTON: The thing that I am dealing with is this. Under the agreement which the man signs he signs away his legal rights. When it comes before the court, the court of necessity must take into account the terms of the agreement. It cannot do otherwise. The only right he has in court is to ascertain whether or not he has broken any of the covenants. He has that right. Once the court decides that point, he has definitely signed away his rights under the agreement.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. DONALD M. FLEMING (Eglinton): Mr. Speaker, my hon. friend the member for Ottawa West, the parliamentary assistant to the Minister of Reconstruction and Supply (Mr. McIlraith), made a very interesting speech in the house this afternoon. He indicated that his purpose was to bring the house back to the discussion of the bill; he set the house a remarkable example by proceeding to discuss such things as the inequities in the present income tax, the inadequate exemptions, in his condemnation of which I join him, elections, the election campaign under way at the present time in one province, and he got around to the thorny subject of dominion-provincial relations and eventually returned, in the last sentence or two of his speech, to a discussion of the bill once more.

So far as the bill itself is concerned, there is so little in it that one could not expect a lengthy speech upon it, or a lengthy debate. There is not enough in the bill to justify the expenditure by the house of time and effort in a lengthy debate upon it. But there is in the subject of housing in general, and particularly in the housing conditions that still exist in Canada, much that ought to occupy the attention of the house.

May I say this in general with regard to the legislation. Year after year during the lifetime of the present parliament, the government has brought down amendments to the National Housing Act. In every case the attitude of the house has been this, and I think I describe it fairly: Whatever you require in the way of legislation we will gladly give you if you will only put this legislation to work and make it serve the construction of more needed houses for Canadians.

I do not think that on any occasion the house has refused any request on the part of the government for legislation, for anything that could properly be required for straightening out the provisions of the housing act, or clothing the government with whatever powers it asks for in connection with housing conditions.

But, Mr. Speaker, there are two very different things involved in this problem, so far as the government's responsibility is concerned. One of these things is legislation giving the government powers to meet the problem, and the other is the determination that ought to be applied by the government in the exercise of those powers and their application to the problem. Certainly, looking at the legislation submitted by the government to the house for enactment in the past three and a half sessions, one cannot say that there are any serious shortcomings in the legislation, in the view of the government, because it has asked only for minor amendments and the house has gladly given whatever the government has asked.

As a matter of fact, on many occasions the house would gladly have given the government more powers than it asked for in connection with the housing problem. But there has been at all times a sad and conspicuous lack of determination on the part of the government really to grapple with this problem in the way it must be grappled with if there is to be any hope of adequate relief for the people of Canada from the housing conditions under which they have long suffered.

Our great problem has been less an inadequacy of legislation than an inadequacy of effort on the part of the government. We have seen an abundance of evidence lately, yes, and for some time past, of the consciousness of the government of its own lamentable failure. If it would only apply to a constructive solution of the housing problem some fraction of the astuteness, some fraction of the zeal and the stubborn determination which it now exercises in finding excuses for its own lamentable failures, we should be much further ahead toward the goal of decent housing conditions for Canadians.

If, for instance, the minister would be as astute in pressing forward toward the goal I have referred to—the building of more houses and encouragement of the building of more houses in Canada—as he has been in trying to find these excuses for not doing what the house has asked him to do, then indeed we would be in a much happier situation than at the present time.

These excuses on the part of the minister and of the administration in general have taken several forms. First, not in time perhaps but first in its glaring and surprising features, is this. The government now repudiates responsibility for the problem. It fell on shocked ears in the House of Commons on July 12 last when the Minister of Reconstruction and Supply uttered these words, to be found at page 5517 of *Hansard* of 1947:

> The government takes no responsibility for solving the entire housing problem for this country. It is perfectly ridiculous to suggest that it is a government responsibility. Every city has its own housing responsibility, as has every province. The government is responsible for the returned men, and its responsibility stops at that point.

I do not think any reasonable member of this house will deny that there is some share of responsibility attaching to the urban municipalities, where these housing problems are most acute, and to the provincial authorities as well. But for a minister of the present government, elected on the promises on which this government slithered into office by a minority vote in 1945, to rise in this house and say that the federal government is responsible for the returned men only and that its responsibilities stop at that point, is to utter nothing more or less than a shameful repudiation of government responsibility and of the promises made by this government to cozen the votes of the electorate in 1945.

First of all, let us take the minister's words at their face value. At least he does admit the responsibility of this government for the housing of the veterans. Perhaps he considers that generous, in the light of the spirit of the remainder of the remarks I quoted from his speech. If the government had only met the housing problems of the veterans of this country most of the criticism that has been properly levelled against this government might well have been spared. Everyone who has any first-hand knowledge of housing conditions in this country, particularly in great urban centres, knows perfectly well it is upon the veterans that the brunt of the housing problem has been cast. It is to these veterans that the government made its most extravagant promises; it is to these veterans that the government owes its most sacred obligations; and it is these veterans the government is letting down most severely in its failure to meet the problem. Yes; even within the limits the minister of reconstruction placed upon the responsibility of the government there has been a most lamentable and colossal failure.

I said I would deal with the minister's words at their face value. That is what we find when we take the minister's limitation upon his own responsibility. But should we accept the limitation the minister places upon the responsibility of the government? I say we should not. For the government to say it has no responsibility in general for housing conditions; for it to say its responsibility stops with the veterans, is to be false to the promises this government itself has made.

In the first place, Mr. Speaker, as you well know, the housing problem is national in its scope and extent. It is not confined to any province or to any particular municipality. And much of the problem in its most acute forms in the urban centres has been created by reason of the policies of the federal government. We are still seeing these conditions of an emergent and critical nature.

Parliament itself has recognized the federal responsibility. It recognized it years ago by the enactment, in the first place, of the Dominion Housing Act and, later, of the National Housing Act. This government has had plenty of power to deal with this problem. It has had sweeping powers. Our criticism is that it has not used those powers. Had it wanted more powers the house would have been glad to give them on request, provided that the house could have seen some reasonable likelihood of the powers being used to the general advantage in meeting these housing conditions.

But, Mr. Speaker, to those who value the standards of public life which place the fulfilment of promises on a sacred level, the greatest failure on the part of this govern-

ment must be measured in terms of its own promises in 1945. Those promises were referred to this afternoon in a question or two by the hon. member for Peel (Mr. Graydon); and the hon. member for Ottawa West (Mr. McIlraith), the parliamentary assistant to the minister, sought to brush them aside by suggesting—he surely cannot really have persuaded himself that it is so—that the promises had been fulfilled.

You know, Mr. Speaker, as every member of this house knows, that the promises made by this government in respect of housing during the 1945 election campaign have not been fulfilled. There was no talk then about limited responsibility on the part of the government. You know what the electorate would have replied to any such statement had it been made by a minister of the crown, whether by the present Minister of Justice (Mr. Ilsley), in the light of his campaign speech in Massey Hall in Toronto, or in the speech made during that campaign by the present Minister of National Health and Welfare (Mr. Martin), to the effect that the drive for tanks would now become the drive for houses.

Those were the promises. They have not been fulfilled. Apparently this government has forgotten them or would like to forget them; but I conceive it to be the duty of this house to see to it that the government is not permitted to forget them, and certainly that the people of Canada do not forget them. Neither of these ministers nor the minister of reconstruction would have had a very pleasant reception had he gone before a meeting of electors during the campaign of 1945 and said, "There is a very limited responsibility on the part of the federal government in regard to housing. Our responsibility is confined to the housing of veterans." Do you think this government would have come back to office? Certainly to state that proposition is to supply the answer. Not one of these ministers would have had the temerity at that time to make the assertion with respect to limited responsibility that the minister of reconstruction made on behalf of the government on the occasion to which I have referred.

And what of those promises? Well, here is one I hope the house has not forgotten, one that figured prominently in the campaign advertising of the Liberal party in 1945. Here we find a young couple portrayed standing in front of this beautiful, charming home. The young bride in rapture exclaims, with her hands clasped: "What! You're buying that lovely little home for only $13.82 a month?" Why, you could not get anything much better than a henhouse today for $13.82 a month.

[Mr. Fleming.]

How about some fulfilment of these promises? Oh, yes; and there is a great deal of padding in this campaign literature. I think I should read what appears at the bottom of the picture, by way of reply to the enraptured exclamation of the young bride. The answer is: "Yes—$13.82 a month pays interest and principal on a $3,000 home under the Liberal new housing plan." The advertisement goes on:

Yes—it's true! You can have an attractive home of your very own. Putter around the garden. It's all yours to live in and enjoy.

Well, the gardens are pretty empty. They have the gardens, apparently, but they cannot have the houses.

What a break for young couples . . .

Yes, what a break the young couples have had from this government in the matter of housing!

. . . and older folk who never thought they could afford to own their own homes.

These Liberal government plans are now a FACT.

The plans may have been a fact, but the houses have not become a fact.

They are laws already on the statute books—

You see, they were quite satisfied then that they had all the powers required to get the houses built.

—not visions of some ideal "state" twenty-five years away.

The man who wrote that sentence was a master of understatement. At the rate this government is going it will take fifty years and more to fulfil these promises.

They are for you—and now.

Think of that!

The Liberal government has a real, working plan.

I think we would all like to see it.

It advances twenty-five per cent of the loan. You pay a new low rate of interest. You can take thirty years to pay for your home, if you wish.

Then we read:

Other Liberal plans include new farm homes, modernization of your present home, low rental housing, and slum clearance.

Think of that; what a far cry from 1945! What has been done by this government in the way of slum clearance? Then comes this statement, which in the light of conditions in 1948 must shock the conscience of those who have consciences:

We are planning for at least 600,000 housing units, and perhaps 1,000,000. No matter where you live you will be able to reside in a comfortable home of which you can be proud.

That is a sample of the campaign promises of the Liberal party in 1945. What has happened since has been a deliberate repudiation of the responsibility that was inherent in those promises; yes, and a falsification of those promises in the light of their non-fulfilment by this government since.

I wish the government would tell us just how bad the situation is. Why is the situation as bad as it still is? Well, one reason is that the government has failed to use the powers it had. Hon. members will recall that historic day, the first day of April, 1946, when the Minister of Reconstruction and Supply came into the house and announced the end of any attempt to control the channeling of building materials into particular building projects, thereby throwing away the opportunity the government itself had to channel available supplies of building materials into the erection of houses, and giving rise, in inevitable consequence, to the use of those precious building materials in the erection of theatres and many other kinds of projects that could well have awaited fulfilment of the government's plan to house veterans and others.

Not only did that foolish mistake result in the absorption of building materials in forms of construction other than the building of houses, but it absorbed much needed building labour. There has been a great dearth of building labour. That is one reason. If the government had really taken seriously its own promises of 1945, and measured up in any degree at all to its responsibilities as a government in the years which followed that election, then it certainly would have seen that building materials available and building labour available were at the disposal of those engaged in the building of houses.

Today we heard an interesting comparison of figures from the minister's parliamentary assistant. He was most anxious to compare figures in Canada with figures in the United Kingdom. Mr. Speaker, I suggest to you and to every fair-minded member in the house that that is not a fair basis of comparison. A fair basis of comparison, and a proper way in which to judge the failure of the government with respect to housing, is to compare what this government has done with what this government might have done if it had used the means at its disposal, and if it had had the necessary will and determination to grapple with this problem.

It will be remembered that on July 22, 1946, the minister made an interesting statement about the housing deficit. He pointed out at page 3672 of *Hansard* how serious the housing shortage was. He said there was an immediate emergency shortage of 150,000 houses, and even assuming that the government's objective of 60,000 houses in that year were attained, by the spring of 1947 the shortage would have become twenty per cent worse.

When are we to have any similar report from the minister as to conditions since that time? It is high time we had such a report. I asked the minister in the house on July 15 of last year to give the house an estimate of the emergency housing deficit; not the number of houses required for good, standard housing accommodation, but the actual immediate emergency housing shortage for people who did not have proper roofs over their heads. The minister did not choose to give the house any such information. I asked for it, but it was not forthcoming.

I ask the minister now to give the house the best information available as to the actual emergency shortage of housing in Canada. I know, for instance, that in my own city conditions are as bad as ever they were. In today's press I find that the welfare commissioner, reporting to the civic welfare committee at the city hall in Toronto yesterday, stated that the Toronto housing situation is just as bad as ever, and that between 6,000 and 7,000 families are living in accommodation that is unsatisfactory. Yes, we shall be glad to hear from the minister some adequate report on this present shortage of houses.

I spoke about one excuse the minister has been conjuring up. I turn to the other; and it is really an extension of the first one. It is this. The minister is very anxious for any opportunity to blame the provincial governments and the municipalities. Hon. members will recall the readiness with which he was prepared to scrap that portion of the 12,000 houses plan which was announced in Vancouver last fall, when he saw an opportunity of picking a quarrel with the Premier of Ontario over a bill that was before the Ontario legislature at the recent session, known as the crown tenants and provincial-municipal services bill.

Mr. HOWE: Dominion crown tenants.

Mr. FLEMING: The municipalities have done more than this government has chosen to give them credit for. The fact of the matter is that far too much of the burden of this problem has been cast upon the municipalities, a portion far beyond their legal powers to meet, far beyond their financial resources to cope with.

And while this government is making its position plain in opposition to assistance, either in the form of a rent reduction fund or capital contributions, it is worthy of recollection that

the government has had no objection at all not only to permitting municipalities to contribute subsidies but—yes—to compelling municipalities to contribute subsidies, if they wanted any of these government-built houses made available to them.

Remember that these houses were made available to municipalities only on the basis of the municipality offering land free of charge, and providing municipal services; yes, and then being content with a return in lieu of taxes which did not begin to compare with the tax that the houses in question would have paid if they had been privately constructed and privately owned.

Yes, the municipalities have been called upon to bear an unfairly heavy share of the load; and this government is responsible for imposing on the municipalities conditions so grievously heavy and onerous that they have been beyond the powers of many municipalities to meet.

I spoke a moment ago about legislation, about one housing bill before the Ontario legislature at its recent session. The parliamentary assistant this afternoon chose to go out of his way to disparage the nature of the bill passed by the Ontario legislature—and, incidentally, unanimously enacted with the participation of all parties in the house, including the Liberal party, or what little there is left of it in the Ontario legislature; he chose to disparage the bill—

Mr. SPEAKER: Order. I would call the hon. member's attention to the fact that on second reading of the bill, hon. members should discuss the principle. I think I have been too generous in the latitude I have allowed; but if the hon. member would read the explanatory note on the second page of the bill he would find that what he is saying is out of order. Then, if he will read the amendment he must also find that his remarks are not directed to the amendment.

Mr. FLEMING: Mr. Speaker, you know the very great respect in which I hold your views and your rulings. But I may remind Your Honour that when you were not in the chair this afternoon the parliamentary assistant was permitted to discuss this Ontario bill referred to, and in disparaging terms. I do not propose to discuss the bill in detail, but it was referred to in this chamber this afternoon.

Mr. SPEAKER: The hon. member knows perfectly well that the debate cannot continue along that line. I would ask him to confine his remarks to the principle of the bill, or to the amendment before the house.

Mr. FLEMING: Mr. Speaker, I seek to give the house the alternative this party would

offer to the people of Canada for the kind of policy which this government has laid down for itself, and which it is proposing to follow out. It has been mentioned in the debate; and this bill, and the amendment to it, are to be measured in the light of that policy. The anticipated efficacy of the bill can be measured only in the light of the experience this parliament has had in connection with government administration of housing legislation in the past. I think you will appreciate the relevancy of the reference that I sought to make a moment ago. It is high time that this government assumed the responsibility of taking the initiative in calling into conference the provinces and the municipalities with a view to mapping out a program to meet this housing problem.

I want to point out, in reference to the legislation in Ontario, how it demonstrates the desire of the Ontario legislature for a meeting on this question and to assist in every way possible.

Mr. SPEAKER: The hon. member will realize that in this house we deal only with federal legislation, not provincial legislation. I would ask the hon. member to confine his remarks to the bill under consideration.

Mr. FLEMING: I shall leave it at that. I only wish the same ruling had been given by those who were in the chair in your absence. Disparaging remarks should not be permitted to be placed on the record without an opportunity being given to correct and answer them.

Mr. McILRAITH: The hon. member should remember the argument he used earlier this afternoon on the point of order.

Mr. FLEMING: The parliamentary assistant is chuckling over the fact that he got his remarks on the record while I cannot get mine on. That is his idea of fairness.

It is apparent to all by this time that for this government to sit back and not make any attempt to enlist general co-operation when general co-operation is available on the part of the provinces and the municipalities is to fail again. Apparently the government is quite content to fall back upon this worn-out excuse of not being able to do some things because of the constitution. Apparently it would rather have those excuses available for doing nothing than to cut through the knot and call a conference with a view to obtaining co-operative effort by the municipalities and the provinces.

An hon. MEMBER: George Drew.

Mr. FLEMING: They would be glad to come. The government that someone over yonder has just referred to would be glad to

come. It has indicated at all times its desire for a resumption of the dominion-provincial conference to discuss this and other questions.

We have lost much valuable time in the last several years because of confusion between a short-range and a long-range policy. What we must have at the present time is a policy that will apply to the present emergent and critical conditions, measures designed to cope effectively with them, united with long-range plans which will have as their objective the clearing out of slum areas and the correcting of substandard housing conditions throughout Canada.

That cannot be done by any one jurisdiction, whether federal, provincial or municipal; it will require the best co-operative effort on the part of all. This government is sorely lacking in a sense of responsibility when it simply sits back and makes not the slightest effort to call a conference for that purpose. Earlier in the session, on March 18, the Minister of Reconstruction and Supply was asked whether any steps had been taken to call such a conference and the answer given by the minister was, "No".

Why has there not been such a conference? The municipalities have been asking for it; the provinces have been asking for it, but the dominion government sits with folded hands and does nothing. The program that the Progressive Conservative party offered yesterday will alone bring about a solution of this long-range problem as well as effectively grapple with the immediate critical shortages. That is embodied in the proposals which were put before the house yesterday afternoon.

Mr. WARREN: Will the hon. member permit a question?

Mr. FLEMING: I do not want to hear any more about the $450 house which the hon. member built apparently on the eve of an election.

Mr. WARREN: May I ask a question?

Some hon. MEMBERS: Order.

Mr. SPEAKER: If the hon. member has not the permission of the hon. member who has the floor to ask a question he must resume his seat.

Mr. FLEMING: The trouble with many of the proposals which have been put forward in the house, many of them in good faith, from other parties on this side of the house is that they have been much too general. They have not clearly outlined the purpose or the extent of the proposals. There has been no concrete plan offered, and therefore those who would want to know the implications of any proposal find that they cannot possibly accept these proposals when they are so vague and general. They are too vast to be accepted in a debate of this kind.

The situation, then, is that this government will receive at the willing hands of this parliament whatever it requires in the way of powers to meet the situation, but the house will want something from this government that has not as yet been evident. The house will want evidence of a willing determination to grapple with this problem and to accept the full responsibilities that attach to it. The house will want the government to get on with the job, both of fulfilling its promises and measuring up to the commitments it made in the election campaign of 1945.

The house divided on the amendment (Mr. Nicholson), which was negatived on the following division:

YEAS

Messrs:

Argue	McCuaig
Bentley	MacInnis
Blackmore	McKay
Bowerman	Marshall
Bryce	Matthews (Kootenay East)
Burton	Moore
Campbell	Nicholson
Castleden	Shaw
Coldwell	Strum, Mrs.
Fair	Thatcher
Herridge	Townley-Smith
Hlynka	Wright
Irvine	Wylie
Jaenicke	Zaplitny—30.
Knight	
Low	

NAYS

Messrs:

Abbott	Dion (Lake St. John-Roberval)
Adamson	Dionne (Beauce)
Arsenault	Drope
Baker	Emmerson
Barrett	Farquhar
Beaudoin	Ferguson
Beaudry	Fleming
Belzile	Fontaine
Bertrand (Laurier)	Fournier (Hull)
Bertrand (Prescott)	Fournier (Maisonneuve-Rosemont)
Blair	Gauthier (Portneuf)
Blanchette	Gibson (Comox-Alberni)
Boivin	Gibson (Hamilton West)
Bonnier	Gingues
Bourget	Gladstone
Bradshaw	Golding
Brown	Gour (Russell)
Case	Gourd (Chapleau)
Charlton	Grant
Claxton	Graydon
Cloutier	Hackett
Coté (St. Johns-Iberville-Napierville)	Harkness
Coté (Verdun)	Harris (Danforth)
Daniel	Hartt
Dechene	
Denis	
Dickey	

Healy	Matthews (Brandon)
Henderson	Mayhew
Howe	Menary
Ilsley	Mullins
Isnor	Nixon
Jackman	Parent
Jean	Raymond (Wright)
Jutras	Richard (Gloucester)
Kirk	Richard (Ottawa East)
LaCroix	Rinfret
Lafontaine	Robinson (Bruce)
Langlois	Robinson (Simcoe East)
Lapointe	Ross (Hamilton East)
Leger	Ross (St. Paul's)
Lennard	Ross (Souris)
Little	St. Laurent
Lockhart	Stuart (Charlotte)
McCann	Stokes
McCulloch (Pictou)	Timmins
Macdonald (Brantford City)	Tremblay
McGarry	Tustin
McIlraith	Warren
MacLean	Webb
McLure	Weir
McMaster	Whitman
MacNaught	Winkler
MacNicol	Winters—107.
Maloney	
Marier	

Mr. JOHNSTON: I was paired with the hon. member for Halton (Mr. Cleaver). Had I voted, I would have voted for the amendment.

Mr. CHEVRIER: I was paired with the hon. member for Cumberland (Mr. Black). Had I voted, I would have voted against the amendment.

Mr. MARQUIS: I was paired with the hon. member for Charlevoix-Saguenay (Mr. Dorion). Had I voted, I would have voted against the amendment.

Mr. GILLIS: I was paired with the Minister of National Health and Welfare (Mr. Martin). Had I voted, I would have voted for the amendment.

Mr. QUELCH: I was paired with the hon. member for Winnipeg South (Mr. Mutch). Had I voted, I would have voted for the amendment.

(Translation):

Mr. GAGNON: I was paired with the hon. member for Fraser Valley (Mr. Cruickshank). Had I voted, I would have voted for the amendment.

(Text):

Mr. R. R. KNIGHT (Saskatoon City): Mr. Speaker, before the six o'clock recess the parliamentary assistant to the Minister of Trade and Commerce (Mr. McIlraith) distorted—I do not say deliberately—certain statements I made earlier in the afternoon. I am as reluctant as anyone to hold up this debate even for the five minutes that I shall speak, but I do not like to let his words go upon the record unchallenged. Also, for the same reason, I shall stick more closely to my notes than Your Honour usually likes.

When speaking to the amendment I had attempted to show that the Saskatchewan government had provided excellent accommodation for certain young veterans and their wives in the matter of housing. To make my point I had explained that they even had in these quarters a sort of co-operative baby care management, so that I said that the mother, if necessary, could perhaps take some small job. I had in mind something like the occasional hour outside baby sitting, half a day's housework or even working in an office in order to eke out the married veteran's allowance, which has been acknowledged by most people in this house to be somewhat slim. I mentioned also the case of one lady who now, not then, is a stenographer in the House of Commons. I mentioned her case and that of her husband. The parliamentary assistant leaped onto that statement and proceeded to build out of it a fictitious argument against subsidized housing. I want to make this statement now, clear and categorical, that this lady and her husband lived in these community apartments for four months a year and a half ago, and that during the time that she and her husband were there she herself earned no money whatever. Her husband had been discharged from the air force, and was beginning to look around to get established in some work.

The parliamentary assistant made certain wild statements about the lady earning $175 a month, and on that he built up his case against subsidization of houses. Suppose she does now earn $175 a month, or suppose she earns $5,000 a year; what of it? What has that to do with subsidizing housing in the period we are talking about, a year and a half ago.

Mr. SPEAKER: If I understand the hon. member correctly, I must point out to him that he cannot discuss a matter already settled by the house.

Mr. MacINNIS: Your Honour, anything that was said on the amendment which has been voted on can be said on the main motion. The hon. member is speaking to the main motion, and he can reply, in speaking to the main motion, to statements made in the debate on the amendment, because the debate is on the same question.

Mr. SPEAKER: I am sorry, but the question was decided by a vote on the amendment to the motion for the second reading of the bill.

Mr. MacINNIS: The hon. member is dealing with subsidized housing, and that is the question we are dealing with now.

Mr. KNIGHT: Speaking on subsidized housing on the main motion—this is the first time I have spoken on that subject—I am making this point, as I have made it before, and I shall have finished when I do so. Accommodation provided by the Saskatchewan department of reconstruction was good and was cheap; and I am still waiting for proof, in figures, of the minister's statement, which will be found at page 4178 of *Hansard,* that the Saskatchewan government charged these people more for accommodation than the accommodation could have been obtained for elsewhere. He expressed that idea in the following words, which I quote from page 4178 of *Hansard*:

> Rentals for the housing, largely paid for by the federal government, operated by the socialist provincial government, are somewhat higher than in corresponding localities in the rest of Canada.

Once more I challenge the right hon. minister to verify that statement with the facts and figures which, on page 4178, he says are in his possession. I quote:

> I know the figures.

And again:

> I know the facts.

He is a responsible minister of the crown and perhaps he would share his knowledge with the house.

Mr. SPEAKER: Is the house ready for the question? Mr. Howe moves that the bill be read the second time. Is it the pleasure of the house to adopt the motion?

Mr. MacINNIS: On division.

Motion agreed to on division, and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

On section 1—Powers of approved lending institutions.

Mr. NICHOLSON: Would the minister explain what is involved in making this change? The section provides that "section 3 of the National Housing Act, 1944, chapter 46 of the statutes of 1944-45, as enacted by section 1 of chapter 40 of the statutes of 1947, is repealed and the following substituted therefor". The hon. member for Eglinton mentioned earlier that, in every session since he came into the house in 1945, the minister has come to parliament asking for minor changes and assuring us that, if those changes were made, the job of building houses would go on. The minister should give us information as to why this change is necessary; and particularly, in connection with paragraph (b), why is it necessary to "purchase from the corporation any first mortgage or any interest therein that the corporation is by subsection 3 of section 3B of this act authorized to sell."

Mr. HOWE: Clause 1 amends section 3 of the National Housing Act by empowering lending institutions to invest their funds in the purchase of mortgages from Central Mortgage and Housing Corporation. As the section now stands, approved lending institutions are authorized to lend money up to the amounts specified in the various sections of the act relating to joint loans. These amounts are eighty per cent of the lending value of rental projects, and higher percentages in the case of home ownership loans. The amendment adds the power to purchase mortgages from the corporation.

The mortgages referred to are those which the corporation has, or will have, arising from two sources. The first group consists of mortgages which may be taken to secure the balance of the purchase price of wartime housing units which are, for the most part, sold on a deferred payment basis. In the first instance, an agreement for sale is entered into, with the proviso that when a certain percentage of the sale price has been paid by the purchaser, he may receive title and give a mortgage back for the unpaid balance.

The second group of mortgages that may be affected by this clause are those which the corporation takes to secure direct loans under section 31A of the National Housing Act. Last session the corporation was authorized to make these direct loans to finance the construction of a house or a housing project when joint loans were not being made by approved lending institutions.

In addition to the outright purchase of mortgages, lending institutions are by this amendment authorized to purchase an interest or share in a mortgage from the corporation. In such event, a mortgage so purchased is placed in the same position as if it had been a joint mortgage in the first instance.

As hon. members are aware, life companies and trust and loan companies are limited by their charters and by statute regarding the amount they may invest on the security of a mortgage. The amendment is necessary to ensure that they will not be violating any of their restrictions by purchasing such mortgages from the corporation.

Mr. FLEMING: May I ask the minister whether the clause in question has been the subject of discussion with approved lending institutions, and to what extent they have signified their intention of exercising the powers proposed in the section?

Mr. HOWE: I cannot answer that question. I know the mortgage companies have taken over the government's interest in certain mortgages, which they could do under certain legislation, and I have no doubt they will be glad to buy these mortgages when they are brought on the same basis as mortgages in respect of which they are in the habit of lending.

Mr. MacINNIS: Do I understand from the minister that section 1 is not only an amendment to the National Housing Act but that it also amends the clause under which lending institutions can invest and lend money?

Mr. HOWE: That is correct.

Mr. MacINNIS: Is that the usual way of extending the rights they have under their charters? Is it not usual to put it in the charter itself, the statute that gives that power?

Mr. HOWE: It can be done either way. The insurance act could have been amended, but amending the housing act and conveying authority to the insurance companies through the housing act is just as effective.

Mr. NICHOLSON: I am still not clear as to why it is necessary to make this provision. During the war the minister went ahead and built wartime housing all across Canada and there did not appear to be any trouble in financing it. I cannot see now why legislation should be passed to enable the minister to go to lending institutions to help the government carry on its financing in the field of housing. Could the minister explain why it is necessary at this stage, when war commitments are smaller than they were years ago, to introduce this idea?

Mr. HOWE: I must say I cannot accept responsibility for trying to make my hon. friend understand. There is a limit to the power of explanation, but the reason is that the government is selling certain of its houses. It wishes to reduce its commitments, particularly on houses built under wartime agreements. It also wishes to use the funds obtained through the sale of those wartime units to build other units; and in order to do that, it takes the power to sell the mortgages which the government takes or retains from the purchasers of those houses. It is as simple as that.

Mr. NICHOLSON: The other evening the Minister of Finance announced a very large surplus.

Mr. HOWE: I know all about the surplus, and it has nothing to do with this bill.

[Mr. Fleming.]

Mr. NICHOLSON: I am sure you know about it; but I think the committee is entitled to more information than we have had so far as to why this is necessary. The lending institutions were not interested in building emergency housing; the government had to assume the responsibility. By and large the people who have lived in those houses are well satisfied. Now the minister is making a safe, attractive investment for the lending institutions. If that is the reason for this provision I think the minister should say so; but with the large surplus announced by the Minister of Finance, it should not be necessary to make provision permitting the government to bail out of its investment in these houses and ask the lending institutions to take over these securities.

Mr. HOWE: I have never represented that it is necessary to do so. I simply represent that it is desirable. If my hon. friend says it is not desirable then he and I must differ; that is all.

Mr. CASE: Is it intended that the government will not have any money left invested in these houses once the mortgages are sold to the lending institutions?

Mr. HOWE: Yes, Mr. Chairman, except for the pool guarantee we give on ordinary housing loans. The loans on houses which will be sold if the provisions of this bill are carried out will then be in the same position as the ordinary housing act loans.

Mr. CASE: And you have a fixed rate of interest?

Mr. HOWE: Yes.

Mr. CASE: What is that rate?

Mr. HOWE: It is four and a quarter per cent.

Mr. CASE: Would this have anything to do with Housing Enterprises, for instance?

Mr. HOWE: No.

Mr. CASE: My hon. friend says the lending institutions did not give any lead in building houses. I think they did during the war. Housing Enterprises was financed by the lending institutions in the first instance, was it not?

Mr. HOWE: No, it was financed by the government.

Mr. JUTRAS: Last year when the National Housing Act was before the house I made several representations and recommendations to the minister with a view to rendering the act more applicable in the rural portions of the country. I held then and still believe that

if more home improvements were made and more homes were built in the rural portions it would alleviate to a large extent the situation in the urban centres.

One of the more concrete suggestions I offered at the time was that a competition should be conducted in this country in order to prepare a book of rural plans for publication along with the book of plans already available for urban homes. I understand that this competition was announced last fall, and at this point I should like to thank the minister and to congratulate him on the way this has been undertaken. As I understand it, this task was turned over to a committee and in turn was taken up by the universities of the three prairie provinces. I am sure hon. members will agree that no better organization could have taken the matter in hand. I was just wondering how it stands today, and I am sure the country would appreciate a statement by the minister on that point.

Mr. HOWE: As my hon. friend has said, committees were formed, one for the prairies and another for British Columbia. During the past winter in every province of Canada, under the joint sponsorship of Central Mortgage and Housing Corporation and the individual provincial governments, a better farm house contest was carried on. Under the authority of part V of the National Housing Act, the Central Mortgage and Housing Corporation provided $400 in prize money in each province. The respective provincial governments assumed responsibility for the details of the contest, which is being conducted among organized groups of farm women, who are being asked to submit answers to a variety of questions as to how the farm house should be planned and equipped for maximum comfort and convenience.

While the judging of results has not yet been completed in any of the provinces, the contest has aroused a great deal of interest and a gratifying response has resulted. It is hoped that the contest will not only provide much useful information about the requirements of farm housing, but also stimulate a great deal of interest among local groups of farm people in improving the standard of farm housing.

In addition, considerable use has been made by farmers of the Farm Improvement Loans Guarantee Act for the construction of new farm houses and the improvement and remodeling of existing houses. During 1947 some 387 loans amounting to $488,000 were made under this act for the construction of new houses, and 448 loans amounting to $333,000 were made for the purpose of altering and improving existing farm houses. During 1947 also some fifty-seven loans amounting to $58,000 for the construction of new farm houses, and forty-nine loans for altering and improving existing farm houses were made by the Canadian farm loan board under the authority of the Canadian Farm Loan Act.

Mr. MacINNIS: I want to ask the minister several questions before this bill gets through committee, but I do not want him to feel that I am a nitwit if I do so.

Mr. HOWE: I have a great deal of respect for my hon. friend, and I shall be glad to answer his questions to the best of my ability.

Mr. MacINNIS: I have a great deal of respect for the right hon. gentleman, too; but other hon. members of the committee have a right to be treated in the same way, no matter how irrelevant or how silly the minister may consider their questions. They should not be considered nitwits just because they cannot understand what the minister is doing. Perhaps sometimes he does not understand it himself.

Mr. HOWE: Quite right.

Mr. MacINNIS: So if he is going to get snooty I assure him that others in this committee can get just as snooty.

Mr. GRAYDON: That is pretty unparliamentary.

Mr. MacINNIS: It is not unparliamentary at all. This may be a perfectly silly question, but I want to ask the minister if these mortgages will be sold at their face value or if they will be discounted.

Mr. HOWE: I do not think there is any provision in the act for discounting them. They will have to be sold at their face value.

Mr. HACKETT: They might be sold at an upset price in excess of their face value, might they not?

Mr. HOWE: They could be sold at a price in excess of their face value.

Mr. NICHOLSON: I should like to ask for more information in connection with subsection 2 of section 3, at the bottom of the first page of the bill, which reads:

> Where pursuant to the provisions of part I, II or III a joint loan has been made by the corporation and an approved lending institution or where an approved lending institution has purchased an interest in a first mortgage from the corporation, the lending institution and the corporation, to protect the mortgage security, may join in making supplementary joint loans to the borrower and in taking such other measures and steps as may be required in ac-

cordance with normal mortgage practice to safeguard the interests of His Majesty and the said lending institution.

Would the minister explain why this new part is being added?

Mr. HOWE: Cases do arise in which it is necessary to make a further loan in order to protect the security. There have been cases in Vancouver where contractors have failed, and where it has been found that the situation could be best worked out by the crown and the lending institution joining to increase the amount of the mortgage. This gives permission for that to be done. It is simply that it may be considered in the best interests of the owner of the property, as well as in the interests of the mortgagee and the federal government, to increase the amount of the mortgage.

The CHAIRMAN: Shall the section carry?

Mr. MacINNIS: No. Has the minister any information with him showing the moneys the government spent to finish the houses, where construction failed in Vancouver?

Mr. HOWE: Is the hon. member referring to the earlier or later ones?

Mr. MacINNIS: At the beginning of 1947.

Mr. HOWE: I have not that information with me. But the situation was worked out. It cost the government nothing. It was worked out by increasing the amount of the mortgage, and the funds were found in that way.

Mr. HACKETT: By the government guarantee?

Mr. HOWE: The usual guarantee, yes.

Mr. HACKETT: No, not the usual guarantee—upon guaranteeing the excess.

Mr. HOWE: It was simply brought into the pool. There is a pool guarantee of all mortgages, and the lending institutions and the government decide to increase the lending value on the house, and increase the amount of the mortgage accordingly.

Mr. MacNICOL: The government sells a mortgage, does the money go into the consolidated revenue fund, or does it go into the fund which pertains to the housing problem?

Mr. HOWE: It goes back into the consolidated revenue fund. The title to the house is in the crown.

Section agreed to.

On section 2—Contract guaranteeing rentals from rental housing projects.

Mr. FLEMING: This is in some respects the principal section of the bill. There are some features of this section which call for some explanation on the part of the minister. One feature of it which, on its face, I do not like, is the extent of the power and discretion left by the section in the hands of the governor in council.

The purpose of the section, as I construe it, is to permit the corporation to enter into a contract with builders. The purpose of the contracts would be to guarantee annual returns to builders of projects of not less than eight family housing units. The guarantee extends over a period of thirty years. Then, under subsection 5 of the proposed section 8A, it is provided:

> The annual return of rentals guaranteed by the corporation under this section shall not exceed 85 per centum of the annual rental of the units of the project determined by the corporation under paragraph (b) of subsection 4 of this section.

The corporation is given power to determine the rents. I think the committee will wish either to have a stipulation of the amount of the return to be guaranteed under subsection 1 of the new section 8A or some clear statement as to the basis upon which the administration is to proceed under the power for which provision is here made.

Mr. HOWE: I shall be very glad to give an explanation. This section of the bill introduces the rental insurance principle which I explained at some length when we were dealing with the resolution. By this legislation, the corporation will be authorized to guarantee a minimum return of rentals from a rental housing project built in accordance with the terms of the section. The guarantee will be given in the first instance to the builder-owner, and may be assigned to subsequent purchasers of the rental housing project. The amount to be guaranteed will be a figure sufficient to pay taxes, debt service, operating expenses, repairs, renewals and replacements, and a two per cent return on the equity investment of the operator. By these provisions, it is hoped to encourage private enterprise to build some of our much needed rental housing, by providing an insurance against loss during the term of the insurance, and particularly against possible loss resulting from the competition of rental housing projects built in the future under more favourable cost conditions.

I should like to outline briefly the statutory limitations contained in the new section.

(a) The project must consist of eight or more units. The section is designed for project investment, and we feel that in order to have an economic operation, the minimum number of units cannot be less than eight. Hon. members will readily see the administrative diffi-

culties that would result from dealing with a project consisting of a smaller number of units. We particularly fear the family investment of, say, four units in which in-laws are the occupants of a number of the units. We feel that in such an undertaking the owner might be inclined to rely upon the guarantee, rather than charge full economic rents. In the case of the larger operation, the owner in his own interests is concerned with full economic rents, rather than the guarantee. In other words, the section has application to persons engaged in the rental business.

(b) The period of the guarantee cannot exceed thirty years. It may be for a lesser period in the first instance, with provision for renewal. However, the full period of the guarantee cannot go beyond thirty years.

(c) The rents to be charged will be subject to a ceiling for the first three years. This ceiling shall be the economic rents as determined by the corporation, based on the cost of the project. We feel that the owner of a project, supported by a government guarantee, should not be allowed to charge more than the economic rentals, at least in the first instance.

(d) The rents that may be guaranteed cannot exceed 85 per cent of the economic rents set by the corporation.

Mr. HACKETT: How are economic rents determined?

Mr. HOWE: Economic rents are determined by examining the costs of the project and the costs of the services.

Mr. HACKETT: Are owners relieved from the determination of the rent by the boards which still have power in these matters, and which some people think are a source of impoverishment of the owners at the present time, because of the inadequacy of the rents?

Mr. HOWE: Those boards have no control over new construction.

Mr. JOHNSTON: Will it have any bearing upon its relations to rents of other houses in the district?

Mr. HOWE: No.

Mr. HACKETT: Would the minister be good enough to say just a few words in explanation of the method of determining economic rents, as mentioned by him a minute ago. Would it be a public hearing?

Mr. HOWE: No. This is an insurance company. It can take a risk, or not take it. It sets its own idea of economic rents. The economic rent is the—

Mr. FLEMING: The corporation sets the rental, does it not?

Mr. HOWE: Sets the ceiling on the rent, which is a matter of agreement between the owner of the project and the insurance company. If the owner of the project says his economic rent is such and such, he must produce his costs and carrying charges, plus two per cent; and the corporation must agree as to what the economic rent is. After it has agreed with the owner—if it can agree—it can then insure up to 85 per cent of the economic rent. If it cannot agree with the owner, it does not take the business.

The DEPUTY CHAIRMAN: Shall section 2 carry?

Some hon. MEMBERS: No.

Mr. HOWE: If I might proceed. I had reached paragraph (d).

(d) The rents that may be guaranteed cannot exceed 85 per cent of the economic rents set by the corporation. This is the ceiling figure of the guarantee. The actual amount will be a figure resulting from the various items which I have previously listed, but must not exceed this 85 per cent limitation.

(e) The corporation must approve the location of the project, the standards of construction, and the size and type of the unit. This places a control upon the type of construction that will qualify for the guarantee and will assure that the units will be family units in the moderate field.

We are not interested in the luxury class of housing. As I previously stated, the maximum rental that may be charged is $80 a month. This maximum is for a fully serviced unit with hot and cold water, heating, stove, refrigerator and janitor service. It is hoped that such fully serviced units will be produced to rent down to $55 a month. Unserviced units will have a lower rental range from approximately $57 a month to $40 a month.

The section reserves certain matters to be prescribed by the governor in council. The first is the fixing of the premium to be paid by the builder or subsequent owner. When this figure is determined, it will be specified in the contract with the builder. No regulation can, of course, be passed until the bill has been assented to. We have in mind, however, that the interest charges payable on the mortgage, plus the premium for the insurance, will not exceed the 4½ per cent interest rate at present charged on National Housing Act joint mortgages. I will refer to the mortgage financing when we come to the next section, and will deal with the matter further. The premium on the basis I have mentioned would be in the order of two per cent of the rentals to be guaranteed. This might be expressed in another

way as one-quarter of one per cent of 85 per cent of the estimated cost of the project.

The governor in council is empowered to place a limitation on the maximum guarantee that may be given. This limitation may be expressed in terms of room cost or unit cost. On the basis of $80 a month for a fully serviced unit, the limitation will be approximately $7,000. The limitation per room would be $1,750.

The new section 8A provides that this insurance shall take the form of a contract between the corporation and the builder-owner, and that the guarantee may be given after completion of the project. In order to enable the builder to obtain financing during the course of construction, subsection 2 empowers the corporation to give to a builder an undertaking that the insurance will be provided if the project is built in accordance with the terms of the section. In practice, the builder will submit his plans and specifications and other relevant detail to the corporation before he commences construction, and at that stage will be given a commitment that if he goes through with his project as outlined he will be given an insurance contract.

Clause 2 of the bill also adds section 8B to the act, enabling approved lending institutions—

Mr. FLEMING: Could the minister deal with the next section 8B separately? I am sure that hon. members will have a number of questions to ask, and the two sections are not interdependent at all.

There are several questions I have to ask which arise out of the minister's explanation. It is quite clear that the corporation will have the real effective power in determining rentals and that two per cent is to be the extent of the guarantee. I gathered from the minister's statement that this is a fixed and determined rate and it is not the intention to vary it at any time. If that is the case, why should the percentage rate not be set out in the statute instead of being left to be determined by the corporation?

The next question I have to ask is perhaps broader in scope than the other questions which relate to the form of the section. I recall the amendments that the house dealt with a year ago. We then had some hopes that they would result in the building of houses. At that time the lending institutions were given certain guarantees of returns in connection with land assembly, in the hope that thereby they could encourage people to come into schemes of a substantial extent. The lending institutions would then have the benefit of lending on mortgages on the houses constructed on the property. But our hopes have been dashed because very little use has been made of the powers conferred by those amendments.

Mr. HOWE: I must challenge that statement. It has taken care of a good many hundreds of thousands of dollars worth.

Mr. NICHOLSON: How many units?

Mr. FLEMING: It certainly has fallen short of the expectations some of us had as a result of the discussions in the house and committee. The results obtained have not measured up nearly to the hopes we formed. This leads me to ask the minister what assurance there is that the proposal of guaranteed rentals will receive wide acceptance and will interest many builders. I take it that it will have to be builders of some substance who would be able to erect the necessary units. Have there been such conferences as would give the administration or the corporation substantial assurance that this section will interest a number of builders?

Mr. HOWE: There have been strong indications that this will encourage a good deal of building by the professional landlord investor. Should there be no building, it will cost this parliament nothing.

Mr. ROSS (St. Paul's): The minister said that the insurance would be limited to 85 per cent of the economic rental. It says here that the contract with the builder will guarantee an annual rental sufficient to meet the charges and provide a two per cent return on his equity. I cannot co-ordinate those two things in my mind.

Mr. HOWE: Of course the two per cent is a bare minimum. The economic rental provides for a larger return than two per cent, but the amount we will insure includes only two per cent.

Mr. ROSS (St. Paul's): The owner is guaranteed either two per cent of his equity or 85 per cent of the economic rental?

Mr. HOWE: Yes. It is the same thing, I think.

Mr. ROSS (St. Paul's): Will these have to be new projects? In Toronto there are a number of old houses which could be converted into apartment houses of eight or ten units. Could the conversion of such houses be carried on under this measure?

Mr. HOWE: No, they must be new projects.

Mr. ROSS (St. Paul's): That would be a splendid way of doing something in the centre

of Toronto. As the minister knows, we have too many people living in the city and we need housing accommodation. Rather than allow many of these old mansions to be used only as boarding houses they should be included in this legislation. Many of them would provide a fine nucleus for a good apartment house. That has happened in many cases already. It seems to me that it would be an excellent thing to use houses in certain sections of the city when they are not being used at the present time in an economical way. Is there any reason for not doing so?

Mr. HOWE: It would be too uncertain. In the case of a new building we know what the cost will be and all about it; we know what its probable life will be. The government does not want any more experience in converting old houses.

Mr. ROSS (St. Paul's): I understand that this is now done to a certain extent through the lending institutions. On the upper part of Jarvis street in Toronto there are very large houses which I suppose could not be sold today for anything like 20 per cent of their original value, but they are centrally located and if they could be converted into apartment houses they would not add to the transportation problems of the city. There are similar houses on upper Sherbourne street. There is an old house there which has been converted into quite a large apartment house.

Mr. HOWE: The mortgage company does not want the business.

Mr. ROSS (St. Paul's): Why not provide that the mortgage company can do the business if it wants to. Is there anything in the bill to say they cannot do it?

Mr. HOWE: Yes.

Mr. ROSS (St. Paul's): It has to be a new house from the bottom up?

Mr. HOWE: Yes.

Mr. ROSS (St. Paul's): I think it is a short-sighted policy on the part of the government. We are talking of slum clearance—

Mr. HOWE: This has nothing to do with slum clearance. We are trying to encourage new construction, and we have no intention of going beyond that.

Mr. ROSS (St. Paul's): What you want is accommodation for people, and you want that accommodation at as low a cost as possible. I am certain that many of these old mansions could be converted for a good deal less money than if you start from scratch and build a new house. There are some large and very fine houses that could be converted to provide accommodation right in the centre of the city.

Mr. HOWE: We are not stopping it.

Mr. ROSS (St. Paul's): There is no place to build an apartment house in the city of Toronto unless you tear down existing accommodation. What will happen under the minister's policy is that houses will be built on the outskirts of the city, thus adding to the transportation problem. With a little help, a good many of these old mansions could be converted.

Mr. HOWE: The government has had experience in converting old houses into modern apartments and our experience in that direction does not encourage us to go any further.

Mr. ROSS (St. Paul's): Have you had any losses in that connection?

Mr. HOWE: Yes, lots of them.

Mr. ROSS (St. Paul's): Under the home improvement plan?

Mr. HOWE: Yes.

Mr. ROSS (St. Paul's): Did we lose money on that?

Mr. HOWE: Yes.

Mr. ROSS (St. Paul's): How much?

Mr. HOWE: We spent about $5,000,000 and we shall be fortunate if we recover about $3,000,000.

Mr. ROSS (St. Paul's): That is the home improvement plan, which is not in the same category as this.

Mr. HOWE: The home conversion plan.

Mr. FLEMING: The minister did not answer my question in regard to the provision in line 12 on page 2 of the bill, why the rate itself could not be stipulated in the section. If it is the intention of the government that the rate shall be two per cent, why should that not be stipulated right in the section itself instead of being left to be determined by the corporation?

Mr. HOWE: It seems to me a matter that properly comes under the regulations.

Mr. JOHNSTON: I said before the dinner recess that I wanted to say a few words in committee on this section. Section 8A has to do with contracts entered into with builders, and subsection 4 reads:

> The terms of a contract entered into under subsection one of this section shall provide:
>
> (a) that the builder or subsequent owner will provide efficient management of the rental housing project.

I point out that the contract entered into affects the builder or subsequent owner. Then paragraph (b) provides:

(b) that the rents to be charged in respect of the units of the project shall not exceed, during the first three years after the completion of the project, an amount to be determined by the corporation.

There again I point out that the section refers to a contract entered into between the corporation and the builder or subsequent owner. Then (d):

(d) that the contract, with the approval of the corporation, may be assigned to subsequent owners.

And (e):

(e) for such other matters as the corporation may deem necessary or desirable to give effect to the purposes or provisions of this section.

So that the contract is extended to the subsequent owners. The explanatory note on the opposite page states:

(e) this paragraph provides for the inclusion in the contract of such other matters as the corporation considers necessary.

It is one of such other matters which the corporation may consider necessary that I want to draw to the attention of the committee. Last year the act to amend the National Housing Act, 1944, was up for first reading on May 1, 1947, and I spoke on the question of contracts at that time, and again brought it to the attention of the house this year. I wish to elaborate a little on that point. After I had spoken on it last year, other parties in the country became interested. The government paid no particular attention at the time to the point I raised, but I want to read what the press had to say about it.

Mr. HOWE: Is my hon. friend familiar with the legislation of his own province which protects the owner of the property and the mortgage holder?

Mr. JOHNSTON: That may be so, and I shall deal with that in a moment.

Mr. HOWE: My hon. friend is wasting an awful lot of time. I can give him the facts if he will permit me to do so. He has already spoken on this subject and I know what he is driving at. My hon. friend is not a lawyer, is he?

Mr. JOHNSTON: No, thank goodness.

Mr. HOWE: Let me give you a legal opinion.

Mr. JOHNSTON: Are you a lawyer?

Mr. HOWE: No, but I have a legal opinion here, which I will read:

The contract that is used by Central Mortgage and Housing Corporation in the sale of Wartime Housing units contains the usual or

standard clauses of the agreement for sale that is in use in the province in which the project or house is situated. We consulted local solicitors when we first prepared the contract, and were so advised.

The hon. member for Bow River has objected to some of these clauses which, on their face, appear rather harsh. I am advised, however, that notwithstanding the wording of the agreement, home purchasers are protected from possible hardships by provincial laws concerning property and civil rights, which have been hedged about them. I understand that the clauses which have been used fit into the pattern of the protective legislation, and their effect is known in relation to the local laws. For this reason lawyers are reluctant to depart from these standard forms and the customary phraseology.

I am further advised that if an agreement for sale goes into default, the purchaser cannot be removed from his home without a court order, and that such court order is not granted until the facts have been examined into by a judge. In all cases, a purchaser is given a reasonable time in which to remedy or redeem the default. The hon. member for Bow River knows that in his province this reasonable time to redeem has in the past been stretched over many months.

It is not clear from *Hansard* whether the hon. member had reference to agreements for sale only, or to the mortgage deed used by lending institutions, as well. I may say, however, that the remarks I have made about the agreement for sale apply in principle to the mortgage deed.

So my hon. friend will see that the agreement contains the standard clauses in use in the province in which the house is situated, to protect the mortgagee or licensee.

Mr. JOHNSTON: I am pleased that the minister has read the legal opinion which he has just given.

Mr. HOWE: Now we will get your opinion.

Mr. JOHNSTON: All right, I will give you mine as given to me by your legal department.

Mr. HOWE: Let us have it.

Mr. JOHNSTON: The Department of Justice gave me this opinion. Some of the outstanding lawyers of the country are in the Department of Justice.

Mr. HOWE: Have you it in writing?

Mr. JOHNSTON: I do not think I need to have it in writing. I can interpret—

Mr. HOWE: I gave you mine in writing.

Mr. JOHNSTON: I did not know that the minister would demand it in writing. I see that the minister came into the chamber prepared. I am glad he did, because I can see now that he has given a little consideration to the matter. Before I deal with that I shall mention again the legal opinion to which I just made reference. I was about to say,

when the minister made his statement, that at least some of the press of this country have taken notice of this subject. I want to read to the committee what they have said, because it bears out the very thing which I have been arguing here. I would take it that before the press made a statement such as this they would probably get some legal opinion on the matter.

Mr. HOWE: What press is my hon. friend quoting?

Mr. JOHNSTON: It is not the Social Credit press; it is the Edmonton *Journal*. I am sure the minister would not contradict the Edmonton *Journal*. In the Edmonton *Journal* of March 14, 1947, the following article appears, entitled:

One-Sided Agreement of Sale

Tenants of wartime houses would be well advised to have a lawyer approve the agreement of sale before they decide to purchase. After reading one of these documents, which set forth the terms under which the Central Housing and Mortgage Corporation will transfer one of the wartime housing dwellings to tenants, the impression is left that the crown company is taking no chances.

One clause, for instance, stipulates that, if any of the terms of the agreement are not carried out, the purchaser will give up possession "without any notice to quit and without the vendor bringing any action for ejectment", and that the purchaser is to be "without any recourse whatsoever . . . either at law or in equity" against the vendor, for the recovery of any moneys paid. Further, it says that in the event of any breach of the agreement all payments already made "shall be retained by the vendor as and for liquidated damages and not as a penalty."

Another clause announces that in the event of any breach, "the purchaser shall forthwith become a mere trespasser upon every part of the said lands, and may be forcibly ejected therefrom by the vendor or his agents without any of them being in any way responsible for damages."

These clauses appear to the layman to be harsh and arbitrary. In excluding any appeal to the courts of the land, they violate one of the fundamental rights of a Canadian citizen. Although the vendor is a crown company, it cannot be allowed to set itself above the law.

To represent such a document as "Between His Majesty the King, in right of Canada", is to libel the crown itself. It has been charged that the bureaucratic mind is prone to arrogate to itself supreme power and authority. This agreement of sale certainly appears to be a manifestation of such a tendency.

I have just read that, Mr. Chairman, to show that some others are not quite in agreement with what the minister said. The minister went on to point out that the contract which he had referred to was different in each province. Last year I took particular pains to get one of these contracts. I wrote to the Central Mortgage and Housing Corporation for it, and this is their letter dated March 24, 1947:

Toronto, Ontario
159 Bay street

C. E. Johnston, M.P.,
Room 645,
House of Commons,
Ottawa, Ontario

Dear Mr. Johnston:

Following your request, we take pleasure in attaching hereto copy of the sales agreement as used for the sale of one of the houses built by Wartime Housing Limited.

It is not just in one province.

Mr. HOWE: This is only one unit; it must be in one province.

Mr. JOHNSTON: I continue with the letter:

This is a standard agreement and is used whether the purchaser is a veteran or a civilian.

Yours truly,
James A. Hall
Supervisor of Sales and Negotiations

I think I would be right in interpreting that to mean that this is a standard contract used all over.

Mr. HOWE: I assure my hon. friend that in the province of Quebec quite a different agreement is used from that of any other province. I believe it is called a hypothec.

Mr. JOHNSTON: I can only take the word of the Central Mortgage—

Mr. HOWE: You are adding a lot of words to the thing that are not in the letter of the Central Mortgage and Housing Corporation.

Mr. JOHNSTON: It says this is a standard agreement and is used whether the purchaser—

Mr. HOWE: My hon. friend is not asking questions; he is telling the world. Go ahead and tell the world, and I will not interrupt you

Mr. JOHNSTON: That is what I am doing, because I think the world should know it.

Mr. HOWE: I know it.

Mr. JOHNSTON: Even if the minister may be a little perturbed at the moment, he will probably see the logic of rectifying the mistake. I am not arguing here to be contrary to the minister's view. I am trying to put up an argument—

Mr. HOWE: You are trying to represent to the world that you know something about this situation, and I can assure you that you do not.

Mr. JOHNSTON: I beg your pardon?

Mr. HOWE: You are trying to represent that you are an authority on this situation, and I am sure that you are not, because you are quite mistaken.

Mr. JOHNSTON: I am not trying to represent that at all. I leave it to the opinion of the committee. I can understand English, at least. Let me read to the minister what this contract says. He may be quite disgusted and walk out of the committee, but that will not deter me from making this presentation to the committee. It seems to me that this matter is so important that even the minister, although he may be tired and busy, might retain his seat and listen to the argument. We do not all profess to have the same status as he has. I do not say that in a disparaging manner at all, but we are endeavouring to do the best we can for those who are concerned.

I turn to page 5 of this agreement and read this section. Perhaps I had better read the whole section because I may be accused of taking a part out of its contents. The paragraph starts in this way:

> And the purchaser covenants that he shall not permit or commit any waste upon the said land and shall not assign these presents without the consent in writing of the vendor.

Mr. McILRAITH: That is the usual clause in all these transactions.

Mr. JOHNSTON: Yes. I am exceptionally grateful to the parliamentary assistant for telling me that what I am reading is customary in all contracts. That is what I was trying to tell the minister until he got huffy and walked out. He said it did not apply to other provinces.

Mr. SINCLAIR: On a point of order, the minister did not walk out; he is here.

Mr. JOHNSTON: I was saying this is the contract that is used, and the parliamentary assistant agrees with me.

Mr. McILRAITH: I did not say that the contracts were the same in all provinces. I said the clause the hon. member just read is a standard clause in that type of contract.

Mr. JOHNSTON: That is exactly what the Central Mortgage and Housing Corporation said in the letter which I read.

Mr. McILRAITH: You will find it in every sales agreement prepared by every selling authority.

Mr. JOHNSTON: Let me go on and read the remainder of this section. This is the written contract entered into between the Central Mortgage and Housing Corporation and the purchasers of these houses, and neither the minister nor the parliamentary assistant can tell me that this contract is not valid once it is entered into; otherwise, what would be the purpose of entering into a contract of this type? It goes on to say:

> And also that he will give up possession of the said lands on breach made in all or any of the covenants herein set forth without any notice to quit and without the vendor bringing any action for ejectment. And that, on such breach, these presents (at the option of the said vendor) shall be void without any recourse whatsoever by the purchaser either at law or in equity against the said party of the first part for or in respect of any matter or thing in those presents contained for the recovery of any moneys paid by the purchaser under or in pursuance of this agreement which payments, in the event of any breach by the purchaser of any of the covenants aforesaid hereby declared, shall be retained by the vendor as and for liquidated damages and not as a penalty.

This is a legal document entered into by the two parties. Certain stipulations are made in the agreement which the man is forced to sign before they will enter into the agreement with him, before they will make any loans for the construction of houses. Before they will make a loan for the construction of a home, he has signed a document which waives his rights to go to the court to secure retention of any equity of moneys which he has paid into this concern. He may have the right in law to go to the court to ascertain whether or not he has broken any of the covenants, and in my judgment that is what the court would decide, whether or not he had broken any of the covenants of the agreement. Once that is decided, then the court will of necessity take into consideration the agreement into which he has entered and which declares definitely that he gives up the right to go to law in order to retain his equity.

I discussed this matter with some of the legal minds in the Department of Justice. The opinion I have just given is the opinion they themselves gave me, and I am sure that any fair-minded lawyer in the house would agree with me in this regard. The other day the minister himself made a statement which I will quote from *Hansard*. I am afraid he is himself a little bit foggy on the question. At page 3773 of *Hansard* of May 10, 1948, he said:

> So far as equity insurance is concerned, I do not know any way in which a man can preserve his equity other than by keeping up his payments.

I agree with him there, but I am not so much concerned about that statement, because, so long as he keeps up his payments, he has not broken any of the covenants of the agreement. Then the minister goes on:

> No one can take away a man's equity in his home except the courts, and in a case of hardship the court will appreciate the representations made.

Mr. Johnston: Would not the court have to be governed in its decision partly by the contract the man signs?

Mr. Howe: Perhaps, but courts have been known to be lenient in hard cases.

May I interject that they have also been known not to be.

Mr. Johnston: In the contract if the man fails to make one payment he waives all his rights, even to go to court.

Mr. Howe: Oh, no. Nothing can take away a man's right to go to court.

But I contend that, by the agreement he has signed, he has waived his right to go to court in order to retain any equity he has in the house which he purchased.

I call attention to the next section:

And upon any such breach the purchaser shall forthwith become a mere trespasser upon every part of said lands and may be forcibly ejected therefrom by the vendor or by his employees or agents without any of them being in any way responsible for damages or otherwise therefor. And the vendor shall be at liberty to retain possession of said lands and at his pleasure to resell same without notice upon such terms as he may deem proper and in any event absolutely freed and discharged from all and every claim whatsoever thereto on the part of the purchaser. Time being declared to be the very essence of these presents.

Let us analyse that paragraph in the agreement which the purchaser was forced to enter into. If a man makes every solitary payment and fails to make the last one of $37.50, he has waived his right to any claim whatever to the moneys he has paid in. The mortgage company can take possession of that house for the last payment of $37.50. They can turn round and sell the house for $37.50 to anyone they like. They can sell it for one dollar if they choose. There is no public auction and they can sell it the next day after they have taken it from him. "Time is the very essence of these presents," and once that property is disposed of by the mortgage company, where will the man, who could not even afford to build a house without a loan, obtain the money to go to court to fight these fellows? Yet he is forced to sign away his very rights. I agree 100 per cent with the Edmonton *Journal*. If that is not dictatorship, I should like to know what it is. I propose to move an amendment, Mr. Chairman, seconded by Mr. Shaw:

That section 8A as proposed to be enacted by clause 2 be amended by inserting immediately after subsection 4 thereof the following as subsection 5:

"(5) The terms of a contract entered into between Wartime Housing Corporation or Central Housing and Mortgage Corporation, as the case may be, and a purchaser, whether a veteran or a civilian, shall not deprive the said purchaser of his right to appeal to any court of competent jurisdiction, in case he is charged with any breach of contract, and in any case where such court adjudges the purchaser to be guilty, he may take action to recover his equity in the property and that present subsections (5), (6) and (7) of the said section be renumbered as subsections (6), (7) and (8).

Surely there is no member of this house who would deprive a Canadian citizen of his right to go to court, and all that amendment does is to guarantee that the purchaser shall have the right to go to court to get possession of the equity which he has in the house. Surely, I say, no member of this house would say that a Canadian citizen has not that right. Surely there is no member of this house who would say that any company, any corporation, any lending institution should deprive a man of that right. There is no question about it that the contract I have read to the committee deprives the citizen of that right, and no corporation or lending institution which tries to take that citizenship right from a man should be permitted to do so.

Mr. HOWE: Mr. Chairman, I submit that both the amendment and the remarks of the hon. member are out of order. We are discussing a bill to provide for the insurance of rentals. He is discussing the terms of sale or mortgage. It is entirely inappropriate even to discuss the subject on this section or to attempt to amend this section to cover the terms of a mortgage or an agreement for sale.

Mr. JOHNSTON: On page 2 of the bill you will notice in paragraph (e) the following:

(e) for such other matters as the corporation may deem necessary or desirable to give effect to the purposes or provisions of this section.

Mr. HOWE: The purpose of the section is to insure rentals of the building. It has nothing to do with sale.

Mr. JOHNSTON: In the explanatory notes on the opposite page this statement is made.

(e) this paragraph provides for the inclusion in the contract of such other matters as the corporation considers necessary.

And, mind you, the sections I quoted referred to the agreement of sale between the corporation and the purchaser, not necessarily the builder but the purchaser. The word "purchaser" is used and so is the word "owner". The word "owner" is here, so that it is not just a rental proposition. It is true that if you look at page 2, subsection 4, paragraph (b), you will notice that it does refer to rents, as the minister has indicated. But in paragraph (a) reference is made to the builder or subsequent owner; in (d) we see the words "may be assigned to subsequent owners," and in paragraph (c) there is reference to owners again. In the explanatory notes there is definite reference to owners.

Mr. HOWE: Surely this is not in order, Mr. Chairman. The government does not sell the property to an owner. It is sold by one owner to another owner. Under this section all the crown does is insure the rentals. I wish we could have a ruling on that.

The DEPUTY CHAIRMAN: We have an amendment moved by the hon. member for Bow River that section 8A as proposed to be enacted in clause 2 be amended by inserting immediately after subsection 4 thereof the following as subsection 5:

(5) The terms of a contract entered into between Wartime Housing Corporation or Central Housing and Mortgage Corporation, as the case may be, and a purchaser, whether a veteran or a civilian, shall not deprive the said purchaser of his right to appeal to any court of competent jurisdiction, in case he is charged with any breach of contract, and in any case where such court adjudges the purchaser to be guilty, he may take action to recover his equity in the property and that present subsections (5), (6) and (7) of the said section be renumbered as subsections (6), (7) and (8).

In regard to this amendment, I think the point raised by the minister is well taken. In section 2 of this bill, section 8A of the act, the hon. member will notice this provision:

Subject to this section, the corporation may enter into contracts with builders to guarantee, in consideration of such payments as the governor in council may prescribe, an annual return of rentals from rental housing projects after completion thereof of an amount to be determined by the corporation, for a total period not exceeding thirty years.

Then:

The corporation may give to a builder an undertaking that the corporation will enter into a contract with the builder under subsection one if the builder builds a rental housing project in accordance with this section.

The minister is quite correct, and I think this amendment is strictly out of order, so I must rule accordingly.

Mr. NICHOLSON: Now that the officials are before the minister, I wonder if he could give the committee some supplementary information. The hon. member for Eglinton asked about the amount of housing we might expect to be provided after this amendment is passed. A year ago we adopted amendments which provided guarantees for land assembly, and the minister said that quite a considerable amount was guaranteed. That is true; but according to the last annual report of Central Mortgage and Housing Corporation, only four projects have been approved, and we are committed to an expenditure of $5,414 per acre to provide 894 lots, or $1,271 per lot. That is not an impressive report. Four projects in the whole of Canada since the amendments were passed last year, making provision for 894 lots, does not help a great deal. The minister should give some indication of how many units might be expected to be built in 1948 and 1949 if this amendment is adopted.

Then I should like to support the argument of the hon. member for Eglinton that the act should be more specific. While I have great confidence in the minister and his staff, I do not like these blank cheques. When we are passing legislation I think we should state the limitations. We should know the extent to which the treasury of Canada is underwriting this type of rental insurance. If two per cent is all we are guaranteeing, let us say so. If the benefits are to be confined to units costing $7,000 or less, let us say so. The legislation should set out more definitely just what is in the mind of the minister and his administration.

The other evening I took some exception to this sort of guarantee. I was quoting the rents being paid in different parts of Canada by those living in Housing Enterprises units. The minister and I had some difference of opinion concerning the rentals being paid. I was quoting those rentals, and the minister interrupted to leave the impression that all those units are rented with heat, water and other services included. My information is that only 949 of these units, or 28·63 per cent, are rented on that basis. It is difficult for us to understand how you can build, as you did in London, for example, 186 units at an average cost of $8,467 per unit, some of them three-bedroom bungalows and some three-bedroom, story and a half houses, to rent at $48 and $50 a month. I do not know of many private builders who are building houses at that cost and making them available at those rents. If it is possible to build $8,400 houses and rent them for such amounts; if in Toronto it is possible to build houses costing $10,527 and rent them at $55, $65 and up to $77, then I think the minister might explain what type of houses are to be built that will rent at $80 a month furnished. We should know just what position the people will be in.

The other evening I tried to explain that we are guaranteeing that those who construct eight or more units will be able to take the next three years as a base, and they will be assured of eighty-five per cent of the rentals they can collect during those three years. Certainly, if the rents in Ottawa, Winnipeg and Toronto are any criterion it is not very difficult to get $80 a month for new houses. If the government can build houses for $8,700 and rent them unfurnished at $44 and $48 without services, a great deal of money must be made by those who are charging $80, $90, $100 and

up. So if those who are to build these houses can rent them at $80, they are guaranteed eighty-five per cent of that amount, or $68 a month, for a period of thirty years.

It seems to me that somebody is going to make a lot of easy money, if some limitation is not placed upon the transactions in the legislation. So I would ask the minister to tell me, if he can, why we cannot have set forth in the legislation the maximum amount that will be paid; the maximum cost of any unit that will benefit; and also the maximum amount the government is prepared to propose to guarantee for this type of housing. I think we are entitled to that information before we give the minister a blank cheque.

Mr. HOWE: I have already given the information for which the hon. member has asked. If he had been listening he would have heard it.

Mr. NICHOLSON: No; the minister has not told us what the commitment is for the treasury of Canada, when this legislation is passed. I was listening carefully, and I have not heard that information.

Mr. HOWE: Yes; I am to tell you how many new houses we are going to insure, is that it?

Mr. NICHOLSON: No; I think the minister should have information as to how many units are to be built, and at what cost, and for how much the treasury is to be committed by reason of this legislation.

Mr. HOWE: I am not a seer or clairvoyant, and I have no crystal ball. I cannot tell how many people will build under this legislation. I have every reason to believe there will be some built under it. I have not consulted every landlord in Canada, so that I have no idea. But may I point out that if there is no building under it, then there is no expense involved to the crown, and no risk to the crown. If there is a fair amount of building and the corporation does a fair amount of business, and if it charges reasonable premiums, it may be prepared to meet any eventuality. The insurance may be easy money for the builder—and it was my hon. friend who mentioned easy money—or it may be easy money for the country. But I have no crystal ball. My hon. friend is asking me an impossible question.

Mr. FLEMING: I should like to make some observations on the remarks made by the minister and by the hon. member for Mackenzie. I have not any fear that there will be any great splurge in building under this section, or any great number of people rushing in, as the hon. member for Mackenzie said, to make a killing. My fear is that the restrictions to be applied will be so severe that there will be very little inducement for people to come in under it. I expressed the same fear last year in connection with the amendment before the house at that time. I thought the two per cent return to be guaranteed to lending institutions, which were expected to assemble the land, would not be adequate to induce many of them to participate, and I think my fears were justified.

But, with all that, it still does not clear up satisfactorily the point about the stipulation of the amount. I think it must be clear from what the minister said that no limit is laid down by the act. He has indicated it is the intention to fix by regulation the amount of guarantee at two per cent per annum. That is the provision under section 8A (1).

Mr. HOWE: That is the minimum return.

Mr. FLEMING: But that is not what the minister said. He said that the intention was to fix a return at two per cent.

Mr. HOWE: To fix a minimum return.

Mr. FLEMING: The minister left me with the impression that that was to be fixed for all time.

Mr. HOWE: That is what we insure.

Mr. FLEMING: That is the extent of the insurance, yes. We are talking about the extent of the insurance.

Mr. HOWE: Yes.

Mr. FLEMING: If that is to be the fixed rate of insurance, the fixed percentage to be assured in all cases, and there is no intention to change that at any time, I am wondering why it should be left to become a matter of regulation, and why it should not be set forth in the section. After all, that is a provision which will create commitments on the consolidated revenue fund. If so, then surely there ought to be some limit fixed by the act or, if the rate is to be fixed as a continuing rate, then the act ought to fix it. If the minister had said that we may have to vary this rate from time to time, as conditions change, I think he might have had a case for leaving it to be determined by regulation. But he has not said that, and he has not made out any such case. It seems to me that, as the matter stands, the rate should be stipulated in the section.

Mr. HOWE: Then I shall say it now. The present intention is that the minimum will be two per cent. If later it develops that it

seems wise to change it, the board of directors of the corporation will so indicate.

Mr. FLEMING: Have we that clear, that the minister is proposing that the right be reserved to increase the rate of return?

Mr. HOWE: Yes.

Mr. FLEMING: Or to decrease it.

Mr. HOWE: That is right.

Mr. FLEMING: Then, if the right is being reserved to increase this amount, there is no limit fixed under the bill.

Mr. HOWE: Yes.

Mr. FLEMING: And, if so, this corporation, without the permission of parliament, could increase the rate on the strength of what the minister has just said to ten, fifteen or twenty per cent; it could be done.

Mr. HOWE: Certainly.

Mr. FLEMING: When we are sitting here to legislate, surely we are not only considering probabilities. We should consider possibilities connected with the legislation we are being asked to pass. If this is leaving wide open to the corporation—

Mr. HOWE: To the governor in council; the regulations are approved by the governor in council.

Mr. FLEMING: All right; we are giving them a free hand to increase the rate, to make commitments on the consolidated revenue fund, and there is no limit under the act. Has the minister not considered, as was done in connection with other provisions of the National Housing Act, the fixing of some limit as to the commitment? We have a number of sections in the act where the extent to which commitments may be made on the consolidated revenue fund is definitely fixed.

If the minister is going to reserve the right to determine the rate of return to be guaranteed to builders under these sections, then certainly this committee has no right to pass the legislation until it knows what the cost will be, has a clear appreciation of it, and knows that there is a limit to it.

Mr. HACKETT: I heard the interchange between the minister and the hon. member for St. Paul's. Is there anything in the act which precludes the application of section 8A to old buildings which would be converted? I know the answer the minister gave; but is there anything in the act which precludes it?

Mr. HOWE: I think the act is clear that it is new buildings.

[Mr. Howe.]

Mr. HACKETT: I have read the act, but I could not put my finger on any such provision.

Mr. HOWE: The hon. member will find that section 8A (1) refers to builders. And "builder" is defined in the act as a person who builds a house for sale or for rent on land which he owns.

Mr. HACKETT: But that does not necessarily mean that he must start by laying the foundation and erecting a completely new structure. I think he might take a building which was up, and work such changes in it as would convert it into a series of habitable apartments. I see nothing in the act which would preclude that.

Mr. HOWE: Regardless of that, I can assure the hon. member that the insurance will be confined to new construction.

Mr. HACKETT: Then that will be by regulation, or by order in council.

Mr. HOWE: Just a matter of policy.

Mr. HACKETT: I heard the minister say that money had been lost in some ventures in which buildings already up had been converted. Is this the only reason, or is there another reason, that of wishing to encourage the construction of new buildings?

Mr. HOWE: No, it is the practical difficulty of dealing with old buildings on a wholesale scale. The corporation deals in the creating of large numbers of units of rental space and each old house would be a special architectural problem requiring special treatment. It has been found by bitter experience that it is not a business with which the government should be concerned. I can assure my hon. friend of that because I have had many worrisome hours on that particular problem and I am not prepared to change my mind.

Mr. HACKETT: Would that not depend upon the insurance company? If the rate be not entirely fixed by statute, could not a higher rate of insurance be fixed? The minister knows that there is such a thing as insurance for people who are not in the best of health and that rates go up where a fire risk is greater. What is the reason for confining the benefits of the act to new construction, unless it be that it is government policy to encourage new construction and to have nothing to do with renovations?

Mr. HOWE: The difficulty is that there are so many unknowns about an old house. Who can tell whether a foundation is good? Who can tell what the remaining life is of the materials? It is the class of insurance that for certain reasons insurance companies do

not care to take as a matter of business. That is the reason I would not wish the corporation to insure this type of property as long as I am the minister responsible.

Mr. MacNICOL: Did I understand the minister to say that $5,000,000 had been lost in that kind of building?

Mr. HOWE: Two million dollars.

Mr. ROSS (St. Paul's): The minister said they had spent $5,000,000 on conversion and would be lucky if they got back $3,000,000. Is it not a fact that those conversions were done by the government and not by private individuals? It was a government proposition. This is a different proposition. If a man has a well-built house, and there are plenty of them in the city, it might prove useful. It seems to me that it is pretty radical on the minister's part to say that they will not take in any of these houses when there is evidence that there are many such houses in Toronto. I imagine the same thing would apply to Montreal. These houses are too large for people. As I told the minister, I know of many cases where such houses have been converted with good success, and I know of many other houses which could be converted under this bill.

I do not think there would be any more risk than there would be in other building, especially when it is a rental proposition. There is a demand for these units in many areas. It is a pity simply to say no, as the minister is doing. He knows the government was doing this before and it was on a cost-plus basis. No doubt about it they got stung in many cases. Then again it may be too soon to know what the final result will be, because this has been in operation for only three or four years.

Mr. NICHOLSON: The hon. member for Eglinton expressed the opinion that we need not worry too much about this section because it is not likely that many units will be built. I am inclined to agree with him.

Mr. FLEMING: At two per cent.

Mr. NICHOLSON: I do not think many units will be constructed because of the passage of this bill. I am sure the minister will be back next year wanting other changes made. I am not concerned about that, but I am arguing that this is bad legislation for the Canadian parliament to be passing. I suggest that at some time this party will be over on that side and I would prefer not to have a tradition of this sort established. The minister has indicated that the corporation might fix the return at two per cent or ten per cent or twenty per cent. I do not think members of this house should delegate such important responsibility to any cabinet or any crown corporation, giving them the power to make a decision of that kind.

If there had not been so many interruptions yesterday I had planned to go into details as to how much a proposal such as I had in mind would cost if we do not have subsidized rental housing. The minister has suggested a target of 80,000 housing units for 1947 which has almost been reached. Prior to the last election, we argued that there should be 100,000 units built every year for ten years.

The DEPUTY CHAIRMAN: The hon. member will confine his remarks to the clause. It has nothing to do with subsidized housing.

Mr. NICHOLSON: If I could have your indulgence for a few minutes, Mr. Chairman, I was trying to compare the placing before parliament of a concrete proposal that would—

The DEPUTY CHAIRMAN: There was a long discussion on the second reading which dealt with the principle of the bill and the hon. member will now deal with the clause, not subsidized housing.

Mr. ROSS (St. Paul's): I agree with the hon. member for Eglinton and submit that this clause should be more specific. The hon. member for Mackenzie has just said that at some time his party may be over there. This is an insurance bill. It might be a thousand to one shot, but I should like to see the insurance there. I submit that this bill should be more specific.

Mr. FLEMING: We have asked the minister the significance of the provision as to rate, and he has indicated there is no ceiling on the rate which the corporation, with the approval of the governor in council, may offer by way of guarantee to builders. If that stands, then I for one cannot possibly support this section. Surely to goodness, we are not going to grant the government carte blanche in the matter of these guarantees? We have had it from the minister that it would be perfectly lawful under this section and quite within the powers that the government are reserving to boost these thirty-year guarantees to five, ten, fifteen, twenty or twenty-five per cent. In view of what the minister has said, surely this committee will not pass the legislation in this form. There is no ceiling on it at all; there is no maximum fixed. I suggest to the minister that some limit should be stipulated right in the bill.

Mr. NICHOLSON: I hope we shall get some support from the other side of the house to

protect the taxpayers of Canada. I do not care if the minister says that he needs $50,000,000 or $100,000,000 or $200,000,000, but the legislation should have some limit. The return should be fixed as well as the total amount for which the crown is responsible. There should be a ceiling. If the minister should indicate that he does not plan to have any houses built when this bill is passed, then there would not be any charge at all; but if he is going to guarantee a return of twenty per cent on the capital invested in this type of housing, with rents guaranteed for thirty years on the basis of the rentals for the first three years, with a guarantee of eighty-five per cent, then I submit we are passing most objectionable legislation.

Mr. HACKETT: Is this legislation being introduced under some form of emergency? If not, how can the corporation purport to fix rentals and determine what they shall be?

Mr. HOWE: It is by contract. The government is not obliged to insure anyone's project. If the rentals are such as to appeal to the corporation a contract will be entered into. There is no compulsion on either side requiring any emergency power. It is a voluntary transaction between the builder and the corporation.

Mr. NICHOLSON: When the National Housing Act was passed it set out specifically that a joint loan should be made only to a person who owns the land or the lessee and that the joint loan should not exceed 95 per cent of the first $2,000, 85 per cent of the amount by which it exceeds $2,000 and 70 per cent of the amount by which it exceeds $4,000. When the act was passed, no responsible minister of the crown came to parliament and suggested that parliament relinquish its right to determine the percentage and leave it to the governor in council to decide whether it should be 95 per cent, 110 per cent or 120 per cent of the lending value. I submit that this clause should contain a floor; and when we are asked to guarantee rentals on units costing $12,000, $20,000, or $50,000, there should be some ceiling on the type of housing construction that shall be put up and some limit on the guarantee.

The DEPUTY CHAIRMAN: Shall clause 2 carry?

Section agreed to.

Mr. ADAMSON: Mr. Chairman, I wanted to make an observation on 8A (3) (a).

Mr. FLEMING: Mr. Chairman, we have not dealt with 8B yet.

The DEPUTY CHAIRMAN: I called clause 2 carried.

[Mr. Nicholson.]

Mr. ADAMSON: I thought you were dealing with 8A (2). I wanted to move an amendment to 8A (3) (a).

The DEPUTY CHAIRMAN: Clause 2 was carried, but if the hon. member wishes to speak to any subsection of it, and the committee is willing—

Some hon. MEMBERS: No.

Mr. FLEMING: I take objection, Mr. Chairman. It was clearly understood that we would deal with 8A and 8B separately. The minister made an explanation of 8A, and I asked if he would deal with 8A and 8B separately because the subject matter of the two is quite distinct. We have been dealing with 8A hitherto, and I was waiting until it had been disposed of before asking a question on 8B.

Mr. HOWE: I do not wish to be unreasonable, but we must make some progress. It is true that the hon. member for Eglinton asked that we consider 8A and 8B separately. Clause 8A is carried; that must be understood, and if the hon. member for York West wishes to amend 8A he is too late; but I am willing, with the permission of the Chairman, to listen to argument on 8B.

Mr. HACKETT: I would suggest to the minister that he listen to the proposed amendment to 8A. It will take only two or three minutes, and we may be able to finish this bill tonight with a little good will.

Mr. ADAMSON: My amendment is very brief and I think it will be helpful to the committee. It is to add to 8A (3) (a) the words:

conforms with an approved plan submitted by the municipality, and

So that the clause would then read:

(a) the project is completed and is built in an area satisfactory to the corporation and in accordance with standards of construction approved by the corporation; and conforms with an approved plan submitted by the municipality, and . . .

I move it for this reason. The corporation is expending a great deal of money, I think wisely, and this is a very good bill. You are going to build houses in places that are satisfactory to the corporation now, but I feel that the corporation should have some guarantee from the municipality, so that in a few years or in a few months time there will not be an objectionable plant or glue factory or something of that kind built next to one of these rental housing projects. It is only a form of insurance for the whole scheme that some such arrangement should be made with the municipality.

Mr. HOWE: I do not suppose there are three municipalities in any province which have a town-planning commission, and if you made it mandatory that there must be a municipal plan you would restrict the project to a very few areas. The bill implies that if there is a town-planning commission the project must conform with its plans, but to stipulate that would be exceedingly restrictive. I imagine that even in the city of Ottawa there is no town-planning commission.

Mr. ADAMSON: But there is bound to be a zoning bylaw or some form of municipal ordinance or regulation which zones some parts of the city.

Mr. HOWE: A builder would have to comply with such zoning regulations. He could not build otherwise. I accept my hon. friend's suggestion in good faith, but I assure him that his amendment is quite impracticable, and I hope he will accept my word.

Mr. ADAMSON: I will accept the minister's say-so that it is impracticable, but in the riding I represent there are three townships and each one of them has very definitely a town plan for the township, so that if a housing scheme is proceeded with it is safeguarded.

Mr. HOWE: The builder must conform with any town-planning bylaw. He could not possibly build otherwise.

The DEPUTY CHAIRMAN: The committee will understand that 8A is carried and now we come to 8B on which the hon. member for Eglinton wanted to speak.

Mr. FLEMING: The minister was going to read an explanatory note he had with regard to 8B. I would ask him in doing so to be good enough to note the rate of interest that 8B(2) provides:

(2) The mortgage or hypothec referred to in subsection one of this section shall be in such form as the corporation may approve and shall
(a) bear interest at a rate not in excess of a rate prescribed by the governor in council.

Mr. HOWE: Clause 2 of the bill also—it is section 8B of the act—enables approved lending institutions to make loans to assist financing of projects which qualify for rental insurance. It will be noted that the amount of such loan may be eighty-five per cent of the cost as determined by the Central Mortgage and Housing Corporation. These costs will be determined by the corporation when fixing the amount of the guarantee referred to in section 8A. The rate of interest is to be determined by the governor in council. As I previously stated, we have in mind a rate that will, when combined with the premium, not exceed 4½ per cent per annum calculated semi-annually. This will be in line with the other provisions of the National Housing Act. The resulting interest rate expressed in the mortgage will be approximately 4½ per cent per annum calculated semi-annually.

Mr. NICHOLSON: Will the minister indicate how much will have to be included in the estimates next year to cover this item? When and how will this amount be voted?

Mr. HOWE: Nothing at all, Mr. Chairman; it is a statutory appropriation.

Section agreed to.

Sections 3 to 5 inclusive agreed to.

On section 6—Transfer of property of Wartime Housing Limited to corporation.

Mr. FLEMING: There is an important provision in subsection 6 which says that "the corporation may pay to a municipality or other taxing authority an amount equivalent to the taxes". May we be sure that the payment in lieu of taxes will be equal to what would be paid on the property if the crown or the corporation had no interest in it?

Mr. HOWE: That clause is in the Farm Loan Board Act. It is simply a provision which allows the corporation to protect its interest in the property as far as taxes are concerned.

Mr. NICHOLSON: Paragraph (d) reads as follows:

obtain the participation of municipalities in housing projects.

Has the minister any statement to make regarding the number of municipalities that may be interested in receiving the benefits of this paragraph?

Mr. HOWE: Generally those that have taken part in Wartime Housing agreements.

Mr. FLEMING: I have a question on subsection 3. What kind of lands are those that it is proposed the governor in council may transfer to the corporation? It is a very general provision. To what kind of land is it intended to apply?

Mr. HOWE: Wartime Housing land.

Mr. FLEMING: Entirely?

Mr. HOWE: Yes.

Section agreed to.

Title agreed to.

Bill reported.

Mr. SPEAKER: When shall the bill be read a third time?

Mr. NICHOLSON: Next sitting of the house.

Some hon. MEMBERS: Now.

Mr. FOURNIER (Hull): There is no amendment.

Mr. NICHOLSON: I understand that the question was, "When shall the bill be read a third time?" Next sitting.

Mr. HOWE: There is no amendment.

Mr. NICHOLSON: I understand that it requires unanimous consent, Mr. Speaker.

Mr. SPEAKER: I remind the hon. gentleman that there is no amendment.

Mr. NICHOLSON: I understand that, unless there is unanimous consent, a bill cannot be read a third time at the same sitting. The senate is not in session, and the bill would have to go before the senate anyway.

Mr. FOURNIER (Hull): Next sitting.

CANADA SHIPPING ACT

AMENDMENTS TO ACT OF 1934

The house resumed from Tuesday, May 18, consideration in committee of Bill No. 300, to amend the Canada Shipping Act, 1934—Mr. Chevrier—Mr. Golding in the chair.

The DEPUTY CHAIRMAN: When the committee rose the last time we were dealing with section 40.

Hon. LIONEL CHEVRIER (Minister of Transport): That is right.

Sections 40 to 43 inclusive agreed to.

On section 44—Appointment of harbour masters at harbours designated by governor in council.

Mr. SINCLAIR: Just one moment; slow down.

Mr. CHEVRIER: Section 44 has to do with the appointment of harbour masters by the civil service commission. It is a new departure, and I think an acceptable one.

Mr. SINCLAIR: I should like to ask one question on this. Does that mean that every harbour master of every designated public harbour is to be appointed by the civil service commission?

Mr. CHEVRIER: That is right.

Mr. SINCLAIR: And on salary?

Mr. CHEVRIER: Yes.

[Mr. Speaker.]

Mr. SINCLAIR: If a harbour master is appointed at Horseshoe Bay he will be appointed by the civil service commission on salary?

Mr. CHEVRIER: I do not know about that particular instance, and therefore I should not like to answer in connection with it. It is certainly the intention of the section as it is.

Mr. WINTERS: Does that apply to a harbour master at a port where there is no revenue coming into the port? There are some harbour masters in ports where there is no revenue. Nevertheless they do a considerable amount of work gratis.

Mr. CHEVRIER: This has to do with public harbours. If there is a public harbour a harbour master may be appointed. He may not necessarily be appointed.

Mr. SINCLAIR: At a public harbour where a harbour master is appointed he will henceforth be on salary and under the civil service commission.

Mr. GILLIS: Would the minister mind defining what constitutes a public harbour?

Mr. CHEVRIER: A public harbour is a harbour which has been defined by limitation; in other words, one whose description has been covered by a separate document under the Canada Shipping Act.

Mr. GILLIS: That is vague and indefinite. I have a specific case in mind. I read it into the record around 1942. A harbour master had been dignified with that title for a period of about twenty years. He is held responsible for the regulation of traffic in and out of the harbour, must report to the customs officials and be responsible for clearing and entering vessels, and so forth, but he receives no salary.

Mr. CHEVRIER: He will receive a salary from now on.

Mr. GILLIS: Will that be retroactive? The officer I have in mind has been there for twenty years. Surely, if he is entitled to a salary now he should have been entitled to it all along. You apply now to the civil service commission, and I suppose the man who has held the job for twenty years, performed that service, will not be eligible for the position because of certain educational qualifications.

Mr. CHEVRIER: That is right.

Mr. GILLIS: Is that the idea?

Mr. CHEVRIER: That is right.

Mr. MacNICOL: Do any ships use the harbour?

Mr. GILLIS: Yes, a couple of hundred ships in and out of that harbour a month.

Mr. WINTERS: What is the name of the harbour?

Mr. GILLIS: I am not sure whether there is too much revenue.

Mr. SINCLAIR: There should be revenue with 200 ships a month.

Mr. CHEVRIER: If there is no revenue it might be decided that a harbour master is not necessary, and one would not be appointed.

Mr. GILLIS: It is a responsibility of the department again. I took that matter up also. A large number of ships from Newfoundland come into that harbour during the fishing season. There is wharfage there, the facilities of the department.

The DEPUTY CHAIRMAN: It is eleven o'clock. Shall I report progress?

Section stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): Tomorrow we appointed at Horseshoe Bay will he be appointed by the civil service commission on salary?

Mr. NICHOLSON: Mr. Speaker, if I am the only one objecting, and hon. members wish to have third reading tonight I will withdraw the objection I raised earlier.

Mr. FOURNIER (Hull): Thank you, very much.

Mr. HOWE: I move third reading of Bill No. 280.

Mr. FLEMING: I would ask that it be allowed to stand until tomorrow.

Mr. FOURNIER (Hull): Then, Mr. Speaker, tomorrow we shall take up third reading of Bill No. 280, to amend the National Housing Act. Then we shall resume the budget debate, and in the evening, if it is convenient, we may take up the estimates of the Department of Agriculture.

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

HOUSE OF COMMONS

Friday, May 21, 1948

The house met at three o'clock.

PRIVILEGE

MR. ADAMSON—VOTE IN COMMITTEE ON INDUSTRIAL RELATIONS

Mr. RODNEY ADAMSON (York West): Mr. Speaker, I rise on a question of privilege. In the *Globe and Mail* of May 19 the following words appear, referring to the meeting of the industrial relations committee on May 18:

Mr. Croll gained Progressive Conservative support by reason of that party's recent adoption of union security as a plank in its labour platform.

As a member of that committee I say this report is not in accordance with the facts. The vote on the amendment was one Progressive Conservative for the motion and five Progressive Conservatives against the motion.

LIBRARY OF PARLIAMENT

COMPENSATION OF STAFF—REFERENCE TO JOINT COMMITTEE OF REPORT OF CIVIL SERVICE COMMISSION

Hon. COLIN GIBSON (Secretary of State) moved:

That the report of the civil service commission recommending changes in the compensation of the staff of the library of parliament, laid on the table of this house on the 5th of May instant, be referred to the joint committee on the library of parliament.

Motion agreed to.

FLAX

INQUIRY AS TO PAYMENT OF BONUS

On the orders of the day:

Mr. LEWIS MENARY (Wellington North): I should like to address a question to the Minister of Trade and Commerce, of which I have sent him notice. Last spring the Hesky Flax company, in Ontario, distributed flaxseed among the farmers of our district. They gave the flax to the farmers for seed and were glad to get this seed back plus a bonus for the use of the seed. In addition they were to have the privilege of buying the flax. A farmer came in to see me on Saturday—

Mr. SPEAKER: Order. The hon. member knows that in putting a question he should be brief and to the point. If the question is lengthy I suggest that he put it on the order paper.

Mr. MENARY: This farmer was in to see me on Saturday. He delivered about sixteen tons of flax to this company and he has not been paid the bonus.

Mr. SPEAKER: Order. I suggest that the hon. member put his question on the order paper.

Mr. MENARY: My question is, when will he be paid the bonus on this flax?

Mr. SPEAKER: Order.

Mr. GRAYDON: On a point of order, Mr. Speaker, this hon. member does not take up a great deal of the time of this house—

An hon. MEMBER: You do.

Mr. GRAYDON: Well, I shall deal with you myself at the proper time.

Some hon. MEMBERS: Oh, oh.

Mr. SPEAKER: Order.

Mr. GRAYDON: I should like the hon. member to be permitted to put his question, because whether or not these people over here want to treat seriously the problems of the farmers, I believe at least this question should be answered.

Mr. SPEAKER: The hon. member knows perfectly well that it is against the rules to make a statement when asking a question. The question should be brief and to the point. Two or three times I asked the hon. gentleman to put his question and to be brief. He did not do so. I suggested then, and I still suggest, that he put his question on the order paper.

Mr. GRAYDON: He did ask the question. I do not think Your Honour heard it.

Mr. SPEAKER: Orders of the day.

Mr. GRAYDON: Mr. Speaker, surely the hon. member should have a chance to ask his question. He has already asked it, but I do not think Your Honour heard it.

Mr. SPEAKER: Hon. members will realize that there is only one Speaker in the house, who is responsible for order.

Mr. GORDON GRAYDON (Peel): Mr. Speaker, I desire to ask a question of the Minister of Trade and Commerce. Why has not the bonus to which the hon. member refers been paid?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): Mr. Speaker, the hon. member said he had given me notice. I have not received that notice, nor have I the faintest idea of what the hon. member is talking about —and I think the hon. member for Peel is in the same position.

Mr. MENARY: I sent the notice this morning.

POSTAL SERVICE

CARRYING OF MAIL BY AIR—IMPROVEMENT AND EXTENSION OF RURAL SERVICES—SERVICE TO P.E.I.

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): Mr. Speaker, I should like to ask a question of the Postmaster General, in view of the statement he made yesterday. Will all first-class letter mail originating in Prince Edward Island and carried by Maritime Central Airways have the same advantages of airmail transportation as if Trans-Canada Air Lines operated to Prince Edward Island?

Hon. ERNEST BERTRAND (Postmaster General): In my statement of yesterday I said that in the near future feeder lines would have the same privilege. We are organizing that. It may not be ready for July 1, but we want to extend the same scheme to them.

ONTARIO ELECTION

ATTENDANCE AT MEETING ADDRESSED BY MR. FARQUHAR OLIVER

On the orders of the day:

Mr. DONALD M. FLEMING (Eglinton): Mr. Speaker, I should like to ask a question of the parliamentary assistant to the Minister of Trade and Commerce. In view of the hon. member's interest in the matter, would he explain to the house why last night, by actual count, there were only 197 persons present at a Liberal rally addressed by Mr. Farquhar Oliver?

Mr. SPEAKER: Order.

VICTORIA DAY

QUESTION AS TO SITTING OF HOUSE

On the orders of the day:

Mrs. GLADYS STRUM (Qu'Appelle): Mr. Speaker, I should like to ask the Prime Minister whether the house will be sitting on Monday.

[Mr. Speaker.]

Right Hon. W. L. MACKENZIE KING (Prime Minister): Yes. We have frequently sat on May 24; this year, as hon. members are anxious to get through before the end of June, or by the end of that month, I think the general desire would be to sit on Monday.

NATIONAL HOUSING

AMENDMENT WITH RESPECT TO POWERS OF APPROVED LENDING INSTITUTIONS, ETC.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply) moved the third reading of Bill No. 280, to amend the National Housing Act, 1944.

Mr. A. M. NICHOLSON (Mackenzie): With the co-operation of the house I shall detain hon. members for only a few moments.

Statistics in connection with New Zealand prompt me to bring the figures up to date. Both the hon. member for Brandon (Mr. Matthews) and the parliamentary assistant to the Minister of Reconstruction and Supply (Mr. McIlraith) referred to housing in New Zealand as compared with Canada. I have checked our statistics and with New Zealand officials here, and I find that in the figures for last year there is a slight discrepancy. The figures given yesterday by the parliamentary assistant indicated that 11,000 units were built in New Zealand last year. I am told the final figure is 12,734, a ratio of seven per thousand, which is slightly higher than the figure for Canada.

I wish however to draw the attention of hon. members to a comparison between the two countries in the field of government assistance in connection with housing over a period of years. In Canada we embarked upon assistance to housing in 1935, in the same year New Zealand elected a Labour government. In Canada since 1935 we have given assistance under the National Housing Act to 54,459 units; under Wartime Housing to 31,192 units; and then, as to houses built under the Canadian Farm Loan Act, although only 167 have been officially reported, I am told that for some years records were not kept. Assuming however that there were 50 each year for eighteen years, this would give a total of 900; and under the Farm Improvement Loans Act there were 994. This makes a grand total of 87,545 houses in Canada built as a result of government assistance.

Mr. McILRAITH: Go ahead and tell about the other government plans.

Mr. NICHOLSON: This is compared with—

Mr. McILRAITH: Mention integrated housing—Housing Enterprises.

Mr. NICHOLSON: I have given the figures.

Mr. SINCLAIR: The figures you wished to give.

Mr. COLDWELL: These are official figures.

Mr. NICHOLSON: In New Zealand—the hon. member may bring this up if he has additional information—there were 68,453 units, or 38 per thousand as compared with seven units per thousand in Canada.

Mr. McILRAITH: I think perhaps the hon. member did not grasp the purport of my inquiry of a moment ago. What I was seeking to ask him was about the other government plans to which he omitted to make reference. I have in mind such things as integrated housing—Housing Enterprises—emergency shelter, Veterans' Land Act, and so on.

Mr. NICHOLSON: These are in the tables I got this morning from government departments. They coincide with the figures the minister gave the other day. The comparison shows 38 units per thousand of population in New Zealand as compared with seven units per thousand in Canada.

I might mention that state houses in New Zealand have a kitchen, living room, two bedrooms, usually a sun porch or verandah. The house is placed on from one-eighth to one-quarter of an acre. It rents for 25 shillings a week, which at the the present rate of exchange is about $15 a month. In view of the large number of units which have been built in New Zealand I suggest this comparison is most interesting.

The minister checked me up on statistics I gave in connection with incomes in Canada. I said before that I was using the latest information from the bureau of statistics, that of 1942, and I was correct in that statement; apparently that is their latest information. According to those statistics, seventy per cent of Canadian families were getting less than $2,000 a year. I find however that the Minister of National Revenue (Mr. McCann) has compiled information as to incomes up to date and I am therefore pleased to make the necessary corrections. According to the very latest information from the Minister of National Revenue, which relates to the 1946 taxation year, about 68 per cent of Canadian taxpayers are getting less than $2,000 a year. There is this slight correction, therefore—from 70 per cent to 68 per cent.

I wish to conclude by emphasizing again the fact that I am not running Canada down.

Some hon. MEMBERS: Oh, oh.

Mr. NICHOLSON: I am merely comparing what Canada did during the war years and what Canada could do if we were getting the leadership from the minister's department that he gave in the field of construction during the war. Canada has set records in the last two or three years in the building of theatres, cocktail bars, bowling alleys, luxury hotels—

Mr. SINCLAIR: And factories.

Mr. NICHOLSON: But we certainly are not setting any worthwhile record in the building of houses for our people. We have plenty of luxury hotels, but we have not been able to break any new records in providing houses for the 68 per cent of the people who, according to government statistics, are receiving less than $2,000 a year.

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

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, May 18, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, since we adjourned the debate on Tuesday night there has been time for us to learn something of the public reaction to this measure. So far as we have gone I should not think the Minister of Finance has taken much comfort from it. The mildest word I have heard used is "disappointing", and the word "black" has been used almost somewhat freely. The word "vinegar" has also been on people's lips. I shall have something to add to this torrent in my small way.

First of all, I wish to say something about taxation in a general way. It is hard to realize that less than ten years ago, in 1939, when we thought we were paying taxes, we were really paying nothing compared with our present taxes. At that time the per capita tax was $38.76, which for a family of five—let us call it a normal family—would be $194. Of course in those days most of the taxation was in the form of customs and excise which was largely concealed from the ordinary taxpayer so that he was almost unconscious of the fact that it was taxation at all.

In the intervening years the government has invaded our lives deeply. We have to make large payments for interest, and the Minister of Finance takes a large slice of our income for the social services which we have approved. We have made huge additions to our debt because of war, and we have to make

large expenditures—perhaps not as large as we may have to make—for defence. A large dollop of our income goes for government-owned enterprises. We are in the railway business, the film business and various other businesses and they nearly all cost money.

I think it is very desirable that the taxpayer should have present in his mind exactly what is happening to him and what it costs to support all these outlets. As I said a moment ago, the federal tax in 1939 was $38.76, but the federal tax is now $198. The total tax from the three taxing jurisdictions is $259 per capita, or roughly $1,300 per family of five. I imagine that there is a feeling in some quarters that that is an average figure which does not mean very much to the average man. It is felt that it is paid by the well-to-do, but there never was a greater mistake than that. It is quite true that people with large incomes are being heavily taxed—and that is having an effect, and the effect is bad, on investment capital—but after all they have paid has been collected it represents only a small fraction of the total. To all intents and purposes the average is spread over the rest of the community. The average family may as well face the fact that that is what it is contributing to the national revenue, that that is what it pays.

I suggest that it is worth looking for a moment to see what it gets. First the average family knows what it gets for its municipal tax. It gets street lighting, education, water and all that kind of thing. It is interesting to note that municipal taxes during that period have not gone up; they have remained almost identically where they were, being roughly still $125 for the family of five. There has been an addition of $875 in that period, almost wholly in the form of dominion taxes. I think it is desirable that the people who carry this burden, the people who are trying to look after themselves, should realize just how much they are paying. After all, $1,300 is not chicken feed. I suggest that if every family knew just what was happening they might take a greater interest in what is going on.

This naturally raises the question of economy. I am not going to say a lot of old things about economy. Not long ago the Minister of Finance said in this house—I sympathize with him—that keeping down expenses was quite a job. He also said that he felt he did more for it—this is a free interpretation of his words—than anyone else in this house. That may be so, but after all he is the only one who really has a chance.

It is hard to abandon wartime spending. Spending is a pleasant thing and, as I say,

[Mr. Macdonnell (Muskoka-Ontario).]

it is difficult to get away from it. The Minister of Reconstruction and Supply will be glad to have me recall to him what he said in this house in the autumn of 1945 in answer to a question of mine. He said:

> I dare say my hon. friend could cut a million dollars from this amount, but a million dollars from the war appropriation bill would not be a very important matter.

It was not a very important matter to him, but in Muskoka-Ontario we think that a million dollars is quite a lot of money. After we have been spending at that rate it is very hard to cut down. I should like to say a word about how the total number in the civil service has grown. I recognize that there are reasons for great growth, but the figures are interesting. In 1939 there were 46,000 civil servants; in 1944 the number had grown to 113,000, and in 1946 to 137,000. The full figure, including those in government corporations, at the peak was 173,000, from which there has been a substantial recession.

It is hard to know whether the post-war economy effort has slackened at all when there are still over 150,000 people in government employ. I suggest that there is always a great deal that could be done if only the Minister of Finance could harden his heart enough. I suggest to him, with every desire to be helpful, and I am sure he knows that that is always my wish, that there is only one way to economize, and that is to give people less money to spend.

It seems to me that if the minister gets involved in arguments with departmental heads about the reasonableness of what they would like to have, he is lost before he begins. If the minister could somehow or other put himself in a frame of mind when he is going over these items of having a deficit, of actually believing that the money is not there; if he could only say to department A or department B, "That is all you can get," I think he would be amazed to see how somehow or other they would get along with the money he would give them.

I heard of a manufacturer who had a pleasant and simple theory that there were two kinds of employees in a business, those who produced and those who did not produce. Among those who did not produce he included the clerical staff. He came into the managership of a new company where he found a clerical staff of about forty. He fired the lot of them. After that he began to take them back gradually one by one, but he took them back only as it was established to his satisfaction that they were really needed. I am not suggesting any such heroic measure to the Minister of Finance, but I am suggesting that there

is only one way of getting economy; that is, he should not argue with people over what they would like to spend; he should tell the departments what he is going to allow them. After all, the trouble about the minister is that he can come along and put his hands in our pockets. If he were not able to do that I think he would find that people would manage to get along with less.

There is another kind of expenditure that is made, which while not very large in itself, is bad because it creates a most unfortunate impression on the public mind. I refer to the expenditures made for various kinds of commissions. Take for example, the price spreads committee. It is going to cost the country a lot of money. The Minister of Trade and Commerce will say that it is just chicken feed because he does not think a million dollars is any money at all, but when the ordinary taxpayer finds out how much it is costing for lawyers, for accountants, for stenographers and all the various incidentals, he will think it is quite a lot of money.

When we set up bodies of this kind I think it is proper to ask just what they are going to do. It is not fair to take this price spreads committee because it has been such a fiasco. It was beaten before it started. I feel sorry for my friend the Minister of National Health and Welfare (Mr. Martin), who has had to preside over it, because, as I say, from the start he was beaten. If he did not find that prices were extravagantly swollen, he was going to fail; on the other hand, if he found that they were swollen, he would be criticizing government departments, the department of investigation and the department of control, for not keeping them down.

As I say, that kind of commission is undesirable. Compared to other large expenditures it will not be much, but I think it creates an impression in the public mind that we are careless with their money. I do not think parliament should be asked to lend itself to that kind of thing.

I come now to the minister's surplus. The other night he said it was of a nature to gladden the heart of a finance minister. But I do not think it should have gladdened his heart, and I am not sure it did, because in the latter part of his speech he spoke more realistically about it. It rather should have saddened his heart, for this reason: the surplus was due, first, to the unfortunate rise in prices, which jumped the taxes; second, to the tremendous spate of buying from the United States, which also greatly increased taxes, and third, to bad estimating.

I come now to the minister's taxation proposals. I have referred already to the widespread disappointment. Of course the trouble is that people want to spend their own money. They think they know how to do that better than governments, and they would like to have as much of their own money to spend as possible.

I said that I approved of budgeting for a surplus, and so I do; but the question is how much of a surplus? On that I would like to say a word further.

The reason I believe in budgeting for a surplus is this. From time to time there are bound to be periods of lesser activity during which, when you consider the obligations which the state has now assumed, we shall have to budget for deficits. Therefore if in a time of large income we do nothing to pay off debt, then the debt is going to go up and up and up, and in the end confidence will be destroyed. Nevertheless it is pertinent and proper to discuss how much the surplus should be. The minister was cagey in discussing this; he played with his cards very close to his chest. The one universal comment made when the minister was through was: Well, no election this year. The reason is obvious. The reason was that the minister did not, like little Jack Horner, put in his thumb and pull out a plum. He was very chary about distributing anything that even looked like a plum, and that gave rise to the thought that the plums were being kept until later. That might be a suspicion of unworthy minds; nevertheless it was widely entertained, and it was what everybody had in mind when they said: No election this year. This may be said: if the hard-pressed taxpayer is being denied relief this year in order that at some later time, with an election pending, little Jack Horner may put in his thumb and pull out a plum, that is wrong, and the taxpayer should resent it, and it should be changed before this budget passes the house.

Let me look for a moment at the figures. The minister is budgeting in the coming year for a surplus of $489 million. Last year he budgeted for $190 million, and he explained that that would be reduced by $110 million if the three provinces, that had not come to agreement with the federal government, came in. Let me repeat those figures. Last year he budgeted for $190 million, and tax relief of $160 million. This year he is budgeting for a surplus of $489 million; and he is giving tax relief nominally of $60,000,000, but really it is only $40,000,000 because $20,000,000 of that is in the amusement tax, and that involves merely a change in the burden, so it is really only $40,000,000.

Let us take this $489 million. Last year the minister's actual surplus was $460 million more than the estimate. He budgeted for $190 million and his actual surplus was $650 million. I am not suggesting that there is going to be any such excess this year. I do not think there will be. Nevertheless I feel confident that the budgeting is done very cautiously. Nobody wants to be caught out in overestimating. I think it is resonable to assume that $489 million might become $500 million or $600 million or more, but I am not going to press the argument. I am going to assume that it is practically, say, $500 million. If the debt reduction were the only thing we had to think about, no one would be more pleased than I to see $500 million used in paying off debt. But that is not the only thing we have to think about. There is the fact in the first place, that living costs have gone up considerably, and it is important to relieve the hard-pressed low-income taxpayers. Secondly, we still need to provide incentive, because we still have a situation in which the government in one way or another has been providing a terrific incentive to industry, and one day that will have to be done by ourselves. Therefore I say it is important to have the incentive. There is a third reason which it is proper to take into consideration, and it is this. We are in danger of being faced with a new tide of wage demands, and if anything can be done to relieve the cost of living in the lower income brackets I think it should be done, and done without delay.

I would like to read a word or two from a broadcast in England the other day by the Right Hon. Oliver Stanley, because it is relevant to the problem we are discussing now. Speaking of the British budget on April 7 last he said:

> We don't quarrel with the need for a substantial surplus, but we do differ from the chancellor as to the way he has got to get it
>
> He had a choice: he could get it by imposing heavy expenditure and still heavier taxation, or he could get it by a substantial reduction in expenditure, with a lower rate of taxes.
>
> Unfortunately he chose the first, and by doing so he stopped himself offering any large tax reductions to encourage incentive and increase production—the other and the better way of fighting inflation.

One further quotation from Mr. Stanley—and this has particular relevance to this budget:

> Make no mistake: however necessary such a budget may be in these dangerous times, it does not by itself get us anywhere. The real relief will only come with greater production, and that will only come with greater freedom and greater incentive. Fewer controls and lower taxes: that is what we want to see.

[Mr. Macdonnell (Muskoka-Ontario).]

In the light of that I venture to suggest to the Minister of Finance that there are certain things he could do and do now. I suggest that there should be a contribution to the cost of living by an increase in the exemptions for people in the low income brackets. Just in case anyone wishes to know if I have a figure in mind, I say no; but I have had an inquiry made and I think I am in a position to reach the conclusion that a substantial measure of relief could be given to those in the low income brackets at a cost to the treasury of not more than 25 per cent of this figure of $500 million, which I have taken as the likely surplus.

There is one other thing I want to suggest, and I think it is of very great importance. I am sure everyone will agree, even those who do not share the view that private enterprise is the solution to our economic problems, that the lifeblood of private enterprise is that new and small businesses should constantly be coming into the picture and be encouraged to become bigger. Those of us who believe in freedom, and are just as strong as anyone else in disliking monopoly, believe that that is the way to do it. Therefore I suggest that the minister might take into consideration the giving of some relief to small enterprises—and I mean small enterprises of any kind. Someone asked me if that would include a farmer, and I said yes—anyone who incorporates his business and therefore comes within the four corners of the corporation tax act. I suggest to the minister, and again I am not going to give a figure, that it might be desirable, in cases where income is reinvested in the business, where there is no question of anyone taking it out, but where income is really invested and becomes the means of further employment and further production, there should be an amount at the bottom which is free of tax, and an amount above that where the tax might be five per cent, another amount where it might be ten per cent, and another where it might be fifteen per cent, the full tax to become payable at a comparatively modest amount. I repeat that I think such a measure would be of great benefit; and while I am not attempting to estimate its cost, I would think its cost at the present time would be very little indeed.

So far we have been considering what you might call the dividing up of the cake that we have. We have a certain amount. How are we to divide it up? I want to turn to a larger area—far more important in one way, because our whole welfare is bound up in government policy here. After all, whether we like it or not, government is in our affairs, government

is influencing us at every turn, and it becomes of tremendous importance whether they make right decisions or wrong ones—because they are making decisions, and big decisions, all the time.

Having said this, I turn to the question of trade. There is no need to waste the time of the house one second to say how vital trade is to all of us. On December 9 the Prime Minitser began a debate on the Geneva trade agreements. By an unhappy chance, Mr. Speaker, these agreements were announced almost on the day, perhaps on the very day, that we also had announced the spate of embargoes, permits, quotas and all these other things which the Minister of Finance denounced the other day, quite sincerely I am sure, but which unfortunately have been forced upon us. In other words, the government found itself in the position of opening the door to trade with one hand and banging it shut with the other.

It would appear as if in this case the Prime Minister's instinct for timing had failed. The other day the Prime Minister was kind enough to give some advice—he gave it in a kindly way, as the Minister of Labour would say—to my leader. I am now going to read what the Prime Minister was kind enough to say the other day. He said, as reported at page 3939 of *Hansard*:

> I give my hon. friend a word of counsel. It is always wise to try to anticipate all possibilities before they arise. In so doing you do not find yourself unnecessarily embarrassed when the important moment comes.

I am inclined to think that the Prime Minister would regard what happened last autumn as an exception, perhaps one of the very few exceptions, to his successful following of his own advice. I will say to the Prime Minister that if he was embarrassed when he made that speech on the Geneva agreements, I did not see any sign of it. I regret that he made a first-class political speech, not the kind of speech I hoped he would make. I hoped he might have taken the trade agreements out of politics, but he did not; he put them right in.

In opening the debate the Prime Minister said, as reported at page 100 of *Hansard*:

> I should like to say that it is a source of particular satisfaction to me that the present agreement should be so completely in line with what has been the policy of the Liberal party in Canada from the days of Sir Wilfrid Laurier down to the present time,—

I was sorry to note that apparently Alexander Mackenzie and Edward Blake no longer enter into the picture. I hope that does not mean that Sir Wilfrid Laurier himself will ever be forgotten. At any rate that is what the Prime Minister said. He went on to add:

> —and that it should be my privilege to present it to our parliament. The Liberal party has always been in the van in the struggle for greater freedom of trade.

Further on he said:

> The party has always acted on the belief that prosperity is inevitably associated with extensive and general international commerce.

It is interesting, in the light of that, to look at the Liberal budget of 1930, which, I think I am correct in saying, gave the tariff its biggest single hoist since 1878; and of course we all remember the steel pipe duties in the autumn of 1945, when unfortunately the Prime Minister himself was away. So far as we can judge there was a bit of mutiny across the gangway at that time. At any rate we know this, that the increases in the duties were abandoned. Whether it was by reason of the master's voice from Winnipeg is really not a question we need pursue further.

These jarring notes of 1930 and 1945 are mild compared with what has been done since. We all remember the exchange conservation bill. A moment ago I referred to the spate of exclusions, quotas, permits and all these special powers given to the minister, to whom I must not refer in any way that he will not like.

The Prime Minister did not take part in the debate on the exclusion and conservation bill. I imagine the Prime Minister was embarrassed—at any rate too much embarrassed to take part in that debate. I imagine he realized the truth of the words of the negro gentleman who said: "Massa, dem two things don't paralyse."

I now want to come to the remedial measures, which were quite highly advertised last autumn. They do not seem to be working very well. The imports in January and February of this year stood at $287 million, which I understand is a record. There is an interesting circumstance there. Capital goods are coming in freely. Apparently the only people who have actually suffered are housewives, and people who, like the hon. member for Rosedale (Mr. Jackman), like lettuce and other innocent things of that kind. They have suffered, but capital goods are coming in. No doubt the minister, as I shall point out later, committed himself to an extravagant and unwise policy of special depreciation.

According to the minister, last autumn we were going to correct our difficulties largely by increasing our export of manufactured goods to the United States. I should like

to read the minister what he said at that time. They were glowing words. He said:

> My experience tells me that if we will make the building up of United States dollar exports a national objective, we should be able to balance our trade in a matter of months, and on a high level, rather than on a restricted level.

I am not going to haggle again about months, because we had that out last December. I am not quite sure what the minister explained, but at any rate it was limited by the minister to the matter of months. These practical men become very visionary at times. At any rate it looks as if up to the present moment what the minister did tell us then has proved to be a bit of a mirage, because so far as I can learn from competent authorities the amount of additional manufactured goods exported to the United States up to the present time has been trifling.

The well-informed Ottawa correspondent of *Maclean's* said in the last issue of that magazine that our present position in United States dollars shows no improvement, or very little improvement, over the low point of last December. In other words I think we may say that up to the present the program has been a flop. In addition, of course, we must not forget that we have had to borrow $80,000,000 from the Export-Import bank. This is the first time we have ever had to borrow, I believe, from a government authority in the United States.

I turn for moment to the excise bill. It is a kind of Siamese twin to the conservation bill. This was the bill that was made law by radio last November. We always found it difficult here to understand what that bill was for. It imposed a tax on Canadian goods with United States content, and it also penalized Canadian manufacturers of goods which were excluded from the United States. As a matter of fact that bill always seemed to me to be like a chameleon. It never seemed to keep the same colour. First of all, we thought it was a bill to conserve United States exchange. Then the minister candidly explained that they would never know whether it would save any United States exchange at all, because they would have to look at the over-all picture. Then there was this penalty clause against Canadian manufacturers. That seemed to be the point. When we pressed the minister on both these points and did not seem to be getting anywhere, it turned out that taxation was a feature, although at one time they were very unwilling to admit it. As a matter of fact I think the bill was very well described by my colleague the hon. member for Calgary West (Mr. Smith), who is at the present time out winning by-elections in British Columbia. I shall read what he said:

> We are being asked to vote for something born in a fog, something which lived in a test tube . . . but the doctors, chemists and others now do not even know what they put into the test tube in the beginning. Yet we are asked to vote for legislation under those circumstances.

I do not think the government members liked the bill better than we did, but they held their noses and voted for it.

The reason for all this shemozzle is, of course, something with which we are all familiar. I will not take more than a minute or two to point it out, but it all goes back to July 1946. In July 1946 business had been allowed its head a bit; we were getting along quite well, and there is every reason to believe that we would have got along better, but the people in charge of controls felt that they could not leave the ordinary person to carry on his own business, and therefore they decided, as we all remember, to appreciate the dollar.

I wish to be fair. I believe they had the idea, that United States prices would go up and would then come down, and we would take the low road instead of the high road and meet United States prices coming down. The only trouble was that, as the governor of the bank of Canada pointed out, the predictions were all wrong. United States prices did not come down and things did not work according to plan. Apart from that, they were right, as the hon. member for Stanstead (Mr. Hackett) says.

Now, as I say, in 1946 we were getting along all right, though we did not know it, and the results of the appreciation are in the minds of all of us. There were two results. First, there was a run on American exchange, and in fifteen months we lost $1,100 million. Nothing was done until November of last year, and that is so recent in our minds that I need hardly take the time to refer to it. I will, however, mention the second result; for every day it is getting worse. The second result was the measure taken then to cut off American investment, practically like turning a tap. It has been a natural and, I submit, inevitable and useful part of the economic structure of the country from the outset that we should have American investment, and free American investment.

We are somewhat in the position that the United States were in in the last half of the nineteenth century, when they received constant and large investments from the

United Kingdom. That was cut off, and one leading Canadian financial expert said the other day:

> There is no purpose in American capital coming into Canada at the official rate when Canadian free dollars or securities can be purchased at a substantial discount in New York.

The discount is now something like 7½ per cent. He says further, and this is important; for people in various walks found it out last summer: "The same applies to our tourist traffic." In other words, tourists, too, buy dollars at a discount.

It does seem an irony. In the first six months of 1946 nature was beginning to take its course. We were receiving American investments at the rate of $25,000,000 a month, which was very useful, and then we cut them off. Then, having cut off the money, we had to cut off goods by restrictions which not only were bad from our point of view but were doubly and trebly unfortunate, at the very time when we were hoping that the United States was becoming multilateral-trade minded. At that very moment, while trying to open the door to trade with the one hand, we had to bang it shut with the other.

It is common gossip, and I have no doubt true, that representatives—for all I know, the very people who had been at Geneva—had to go to the United States and interview the same people with whom they had been negotiating at Geneva for months for the purpose of releasing the barriers to trade, and tell those people that the very first contribution we could make was to bang the door and bar it—though I hope not bolt it—in their faces.

What does this add up to? I think it adds up to a situation full of difficulties, and, if I say danger, I do not use too strong a word. Just at the very moment when a child can see where our traditional markets are jeopardized, particularly in Europe; just at the moment when a child can see that we need to be trying, at all costs, to expand our markets in the United States, we take this step. This position has been well described in the Winnipeg *Free Press,* and I should like to read a brief quotation:

> Though Mr. Howe stated when it was inaugurated that the crisis which necessitated it would end in a matter of months, neither the crisis itself nor the restriction of imports and exports has diminished. Our reserves of United States dollars have risen only a little over the dangerously low level of last autumn. More serious, we are drawing on our United States loan, living in part on borrowings which must be repaid in five years and thus hypothecating many of the new dollars that we may be accumulating.

With regard to the other side of the shield, the Winnipeg *Free Press* says:

> In the meantime, something else is happening. In their shortage of dollars the European countries, and most notably Britain, are seeking to divert their imports as much as possible from dollar countries like Canada into the sterling area.

Page the Minister of Agriculture and ask what he found out about that when he had to force some of our products down their throats earlier in the year. To continue—this is the *Free Press* again:

> This diversion, in the not distant future, must operate to restrain Canada's exports to the sterling countries, especially when the grants of money to Europe lapse.

We cannot laugh that off. To continue:

> It would be the worst kind of folly, therefore, to assume that, after the completion of the Marshall plan, we can count on a continuation of the flow of dollars from Europe which we shall receive while the plan is in full operation —and even that temporary flow, as the foreign exchange control board says, will not end our dollar shortage.

These quotations from the Winnipeg *Free Press* make this perfectly clear. There is no reasonable expectation in the foreseeable future that we shall be able to build up large amounts of convertible credits in the United Kingdom, and that is something of profound significance to our whole future. We have to shift the direction as much as we can, while of course keeping our markets there also as much as we can; and that brings me back to the question of American investment.

American investments in this country are out of balance, as I said a moment ago. They are natural to us, and we cannot go on importing as we are now unless the Americans will again invest. The government continue to be adamant on the matter, or they say they are adamant; and yet in the budget they suspend duties on certain British goods because prices are too high for the Britishers to sell here.

I am not overlooking the point that if we do anything to depreciate our exchange it increases for the moment the difficulty of the Britisher in selling to us. What I am saying, however, and many other people are saying it, is that there is much reason to believe that the pound sterling is out of line. In that connection I wish to read a quotation from the *Globe and Mail* of May 20. It is important because of the attitude taken by Hoffman, the head of ERP:

> British prices are still too high for Canadian importers and it would appear that that situation will not change until Britain values her pound in line with the trading realities. Britain still says it will not do that, but Paul

Hoffman, European administrator, signed with other members of the national advisory council, a report sent to congress that the United States will require countries getting ERP aid to work out devaluation with the 46-nation world monetary fund.

I was interested to find in the most recent *Economist* that even the International Monetary Fund apparently is seriously considering the situation, that it has its eyes and its mind by no means closed.

I have been talking about what I regard as a distortion of our economy in our external economic relations. I now wish to talk briefly about what I regard as a distortion at home. Before the end of the war, in the spring of 1945, the government issued a white paper designed to deal with conditions after the war, when it was expected there would be some unemployment; and at the time I think the precaution was reasonable. If the unemployment had in fact come I should think the measures proposed would have had much to commend them. But what I complain about, and what I think has been little short of a tragedy, is that we continued to use those measures long after it was perfectly clear that we should have done exactly the opposite. Signs of the boom really appeared in 1946, and the methods outlined in 1945 should have been altered then, and altered quickly. Instead, the government continued to use them and even accelerated them. What we needed was a sedative; what we got was a strong tonic. What do I mean by that? I mean that the government did two things. It powerfully stimulated plant expansion by what I think were extravagant inducements in the way of depreciation, and it also continued to pursue an easy money policy, which was the other method of encouragement.

Now I want to say a word about this double depreciation. Let us understand exactly what it means. It means that companies are offered special inducements to go ahead and expand their plants as rapidly as possible. In this case they were allowed to deduct especially large amounts of money when that money was reinvested in the business, and so escape taxation on it. The plant expansion under way through the use of this double depreciation is estimated in a government report to cost $1,400 million. That is a terrific amount to impose on the economy of our country. According to this report, a survey of some four thousand companies, 2,241 of them in operation in 1939 and 1,971 coming into operation since, shows that these companies, when alterations are completed, will have a manufacturing capacity of $8·5 billion, as against $1·8 billion in 1939. In other words the excess over 1939 is 377 per cent. The comparable figure in the United States is 50 per cent. That is, proportionately we have gone seven and a half times as fast as the United States.

I mentioned the other evening that the Minister of Reconstruction and Supply said: "Well, what's the matter with that?"—or words to that effect. The answer is this. If we can find markets for all these things; if we can sell all these goods and our producers of natural products can also sell all their goods, so that we will have the home market and the foreign market, that will be fine. But whether or not that is likely to happen remains to be seen. The other evening I used a simple illustration. I hope I am wrong—this is one time I would like to be wrong and see the minister right; but I used the example of a farmer straining himself and using all his resources to build a huge barn, which incidentally may turn out to be more than he needs, and at the same time neglecting to provide his family with the necessities of life.

The immediate result of this development is that an inordinate amount of our resources is turned toward this plant expansion, which means far less for the production of consumer goods, which in turn means this has been a most potent influence in the rising prices of consumer goods. We have been providing the money but we have not been providing the goods; and even those of us who do not profess to be economists know that this is a simple reason for high prices.

I sometimes fear that Canadian businessmen are taking this matter much too lightly. I think they are being led astray by what has been going on abroad. I have heard Canadian businessmen say, "Markets are illimitable; we we can sell anything we make". But this buying spree abroad is not going on for ever. As European nations become able to look after themselves there will be less need to buy from us. In the meantime I say again that at the very time our relations with the United States are so difficult, and when we really have not improved our position at all in spite of our restrictions, we are denying our manufacturers the advantage they had before July 1946 in selling in the United States. We have taken away a ten per cent advantage they formerly enjoyed.

When I refer to exchange, however, to me a convincing argument and one that outweighs all others is the appeal to realism. When you find things happening between people who are trading with each other freely, that comes as close to realism as you can get. To me it is not real for us here in Canada to sit in an ivory tower saying our dollar is worth one

hundred American cents when actually it is being traded in the United States at between 92 and 93 cents. We too much resemble King Canute.

In passing, and coming back to this question of the export of manufactured goods, I want to say that if we can build these hundreds and in fact thousands of factories, and if they can all export their goods, it will be splendid; but we must remember that if we try to export to the point where we are not able to buy enough to provide our producers with their natural markets, the first people to feel the effects will be the manufacturers, because the home market after all is their best market.

I want to say a word about the investment aspect. How did we provide all this money in 1947? It was not by savings. Personal savings amounted to only $768 million in 1947 as against $1,676 million in 1944. The gap was filled largely by the realization of $750 million of our American exchange; in other words we were living off our fat. The amount was realized and paid to the banks, and became available; indirectly it appeared in effect in the large increase in bank loans. The second thing was the government surplus of last year.

I am going to say a word about savings, though one is almost self-conscious in talking about savings these days. Many people think that is a silly old-fashioned thing only talked about by people who are still living in the nineteenth century. My own belief is that there is great danger in the view which is so widely held that wealth consists in pieces of paper. If only we could think of it in terms of goods I believe we would be much more sensible. If we would also remember that at the present time we are living largely on savings, as I say both government realizations and the savings of private individuals who are spending more than they are saving, as a whole, we would appreciate how important it is. I wish I could make people believe that I think common sense in government one day will prove to be the same common sense that has to apply to individuals; that governments cannot by any legerdemain produce money over the long period, any more than individuals can. If we believe the government can do that, and if we go on believing that there is some secret way by which money can be created, then I say we are just piling up difficulties which one day will recoil upon our own heads. In the long run we have to provide personal savings for investment, just as we have done in the past.

I have dealt with foreign trade, Mr. Speaker, and with what I regard as the distortion of our economy at home. I have said something about the post-war inflation and the post-war boom. I have spoken about the artificial stimulus to our economy, and I want to say one thing more. I want to say a word about the manipulation of the bond market. Prices in the bond market are no longer made, as they always have been made in the past, by hundreds or thousands of individuals buying and selling. They are made by a few men sitting in a room here in Ottawa. How is that done? It is done by the support given the bond market through the Bank of Canada. The evils of this sort of thing have become apparent within the last few months. In January last, on account of an altered attitude on the part of the bank, the price of bonds fell from 104¾ to 101⅞. Later, I think about the beginning of February, the price fell again from 101⅞ to 100¼. This, of course, was without warning to the business community; it had to be. One can well imagine the embarrassment of executors, trustees and others who had been holding these bonds and since have had to sell them. Incidentally, if the government itself has suffered any loss in its transactions through its various boards, I would be interested to know where it gets the authority for the appropriation to pay such losses. That is another matter, however, which we can take up later.

The technique of course is the use of government funds through certain bodies which have been created. There is the unemployment insurance fund, and there is a fund called the security investment fund, in which the financial community has been much interested for a long time. It was a rather mysterious fund until very recently, but I noticed the other night, if I remember correctly, that the Minister of Finance spoke about it frankly. I may be partly responsible for that, because recently I asked a question about it. I asked what the authority for this fund was, and I was referred to two statutes. Well, when you are referred to two statutes, even a man who knows as little law as I do, knows that the authority is pretty hard to find. You have to spell it out. It is not clear and distinct and inescapable. When I got those two statutes I took counsel from someone who is a real lawyer—not just a reformed lawyer like myself—and asked him what he thought about those two statutes. He told me you could not spell any authority out of them at all. So I am leaving that question. We can find out all about it later. Meantime in six months that fund has spent $300 million of your money and mine in buying bonds in the market, and the fund has in fact now about $600 million.

I say, in that connection as in others, that we shall one day return to reality. We shall one day decide to question the judgment of two or three people sitting in an office; for however able they may be, however conscientious or however high-minded, they have not omniscience or supreme wisdom. Against them is the judgment of hundreds of thousands of quiet people who just buy and sell from day to day, matching their judgment against each other. They are going to find that that is the way prices are made, not by this superhuman wisdom.

It is interesting to note what has been going on in England, where there is a socialist government. Of course they have there this new revelation. At any rate Doctor Dalton believed it, and I should like to bring to the attention of the house briefly what happened in England, what the London *Economist* has described as an unwholesome and unpleasant precedent.

Doctor Dalton was a former chancellor of the exchequer. He undertook to support a certain security there, with disastrous results. The London *Economist* says this:

> A corner has been lifted this week (May 8) of the thick curtain which has shrouded last year's official activities in the gilt-edge market. In the past, the technique of governmental accounting has generally sufficed . . . to hide most departmental activities from the public gaze, but operations so large as Doctor Dalton's were bound to peep out through the screen sooner or later.

I commend that to the Minister of Finance. I think some of his operations are beginning to peep out, too. The London *Economist* continues:

> In the pre-budget phase last autumn "Daltons"—

The securities, not as a compliment, were called by Dalton's name.

> —rose by some ten points, only to collapse after their sponsor disappeared from the scene.

It will be noted that these securities were called "Daltons." I hope the Minister of Finance will never be memorialized in the same way. However, their sponsor disappeared from the scene. I hope this will be taken as a warning by those who may have any disposition to imitate the good Doctor Dalton. He undertook to impose his will on the bond market, just as our financial authorities are doing today. In the end what he succeeded in doing was to destroy confidence in the particular security he was supporting, so that the security fell disastrously in value.

In a world, Mr. Speaker, which is racked with conflict between those who believe in freedom and those who, whether they realize it or not, believe in control, I think even at the risk of iteration it is necessary to express what we at least feel in the matter. I do this especially as I shall be followed by the hon. member for Rosetown-Biggar (Mr. Coldwell), and I shall be surprised if he does not use words which we have heard before—the words "exploiting" and "law of the jungle." I am not suggesting that what I am going to say now is ill directed against the hon. member for Rosetown-Biggar, because I sometimes have hopes for the hon. member —just as hon. members opposite have had hopes of him in the past. But I do think these things should be said.

First of all, those of us who have the belief that it is not through an extension of public ownership that social security and prosperity will come should not flatter ourselves that it is by any means a belief which is held universally. There are many people who think they have it but who by their actions occasionally show that they have not got it. For instance I cannot quite believe that the thirty-eight per cent of the people who, according to a Gallup poll in February, said they wished to work for the government, would regard themselves as socialists. Nevertheless to me it is disturbing to find that this poll, taken in February, showed that thirty-eight per cent of those who were questioned said they would rather work for the government than for private business.

What does that mean? Obviously it does not mean that I am criticizing any civil servants. We have some of the finest people in the civil service. But I believe an intelligent civil servant would be the first to say that this is a terribly dangerous situation to have abroad. So far as I have been able to discover, in all governments, municipal, provincial and federal, we have about six per cent of the people gainfully employed—that is not six per cent of the whole population, but of people in employment. Here we have about thirty-eight per cent of the people saying they would rather work for the government. What does that mean? I suggest it indicates a deep and disturbing psychological condition. It means that people have taken up the instinct for security, that they want freedom from responsibility, that they want work—yes, work, honest work, decent work, but a limited amount of it, so that they may have plenty of leisure. It is an abandonment of the spirit of adventure, of the driving energy and initiative which, as most of us think, have brought us where we are. I say that unless we stem

the tide we have no hope of going steadily forward to improve our present economic position.

What do I mean by that? Well, I can illustrate it best by telling of a little conversation I had the other day with a man in my riding—or what I hope is going to be my riding, because it was in Parry Sound. This man is a general merchant, a man of great energy, one of the people who make democracy tick in that area. He said to me, "I work fifteen hours a day. But if the government took over my business and made me the manager of it, I would not work fifteen hours a day. I would work eight hours a day five days a week, and I would ask for two or three assistants". What am I saying? Well, I am not saying, of course, that people should be asked to work fifteen hours a day; of course not. But I am saying that the reason why free enterprise is able to achieve what it does is that a considerable number of people are putting into their work every last ounce of energy they have. If it takes fifteen hours, they will put it in.

I suggest there is all the difference in the world between honest and conscientious performance on the one hand, and on the other the performance of a man with drive and energy who is not content unless he does his absolute best. I do not think there would be any doubt in this matter if people would only think clearly. I suggest that is part of our trouble, part of the difference between us and the people to our left—although I must say sometimes I think there is not very much difference. In fact I would quote something said by the hon. member for Rosetown-Biggar, and I am pleased to quote it. I think I like quotting it better than he likes hearing it. He said one day—and I like to remind him of it —"I am not opposed to private enterprise, but if they take the profits, they must take the risks". I said to him, and I say again: I do not change a word of that. But there is all the difference in the world between that and some of the other things the hon. member says.

To come back to clear thinking—

Some hon. MEMBERS: Oh, oh.

Mr. MACDONNELL (Muskoka-Ontario): The digression that I made from clear thinking was a small one; I was just quoting the hon. member.

When reading the life of Mr. Justice Brandeis of the United States Supreme Court I ran across a quotation I should like to give to the house. Mr. Justice Brandeis was a lawyer; he was a queer lawyer because he actually made money. He was a great public servant. No one ever doubted that. He was a liberal—a human liberal, not a political liberal. Mr. Justice Brandeis served the state and the man on the street as very few people have. He said something which I think we might all remember. He said:

> Justice is truth in action, and if we want justice we must first find out what is the truth.

I think in plain words that means that unless we have intellectual honesty the thing will not work.

I want now to refer to what I think are some of the misconceptions which are plaguing us at the present time and which again I feel would disappear if we had clear thinking.

First of all there is the misconception of what I call the split personality, that we can be economically bound and politically free. I do feel that should be abandoned once and for all. What does the phrase "democratic socialism" mean? If it is not the equivalent to "free controls", then I do not know what it is. When we look at Italy, Germany and Russia, we realize that we should not be deceived by words. We should note what has happened there. Let us not be deceived by the words "nazism", "fascism", "communism"; it is all state socialism. That is in fact what they are.

Mr. COLDWELL: What about the Scandinavian countries?

Mr. MACDONNELL (Muskoka-Ontario): You can bring them up if you like. As I understand it, they are not socialist in the sense that the countries to which these other names are given are. I am sure that there cannot be any over-all economic control without political control. They are finding that out even in England. As far as labour is concerned, in view of the blight of the three despotisms in Europe I never can understand why labour has any doubt. A United States professor puts it in these words when he says:

> There is no place for collective bargaining or the right to strike, or for effective occupational organization in the socialist state, and every intelligent socialist, whatever his public utterances, knows as much.

There is the second misconception that those who believe in freedom, that those who do not want the state to be Father Christmas are lacking in social conscience. It even seems sometimes that to be socially-minded you must refuse to think clearly; you must use catch phrases, and most of all you must try to create the impression that what one man

has is taken from another. If a man happens to have more than another man, it is assumed that he has taken it from him.

Mr. MacINNIS: It usually is so.

Mr. MACDONNELL (Muskoka-Ontario): I should like to refer to what I regard as the classic example, the case of Edison. Edison became rich, but I suggest that Edison created hundreds or thousands of times as much wealth for others as he did for himself. Furthermore, in a greater or lesser degree that is true of every successful enterprise. Churchill put it very well when he said that the people we ought to complain about are not the people who succeed but the people who fail.

The third misconception that is sedulously put forth—I wish every sensible and intelligent man could reach an agreement on this—is that somehow or other profit is wrong and ignoble. I should like to read a quotation from a man who at the present time is a labour peer. He is a well-known leftist in England; in fact some people would call him a socialist. A. D. Lindsay is a well-known writer on politics and economics. I have forgotten his title; it is hard to trace them when they become lords. He said:

> If we consider profit in itself it does not seem clear why a man working for an assured salary is doing right, while a man working for an uncertain profit is doing wrong. As long as there is an element of uncertainty in the supplying of demand, there must be a profit.

As I have said, in some of his moods the hon. member for Rosetown-Biggar appears to agree with that.

Another thing I should like to say is that profit comes away down on the list. First of all there are wages, then there are taxes, then there is upkeep of your plant, then there is depreciation. If there is anything else, then there is profit. Profit can be obtained only when everyone else is paid. Even at that stage the tax collector, the genial Minister of Finance, comes along and has his crack at it. If there are profits they are well taxed.

I think we should remember that the financial statement of a business is a profit and loss account. There is nobody to hold your hand; nobody to weep a tear for you, if there are losses. You just go broke; that is all there is to it.

I should like to remind hon. gentlemen that even the socialist government in England, which has done so much to try to alter all this, has had to go back to providing an incentive. Let me read from a white paper which says:

> We must remove the idea of spinning out production in order to avoid unemployment, or of restricting output in order to safeguard earnings.

[Mr. Macdonnell (Muskoka-Ontario).]

It may be that in the back of their minds was the thought that it was capitalist America which had come to the rescue of good old England and all the other countries concerned.

There is one last thing on this point that I want to say, and you will be glad, sir, it is the last. An attempt is made in this country from time to time to stir up class feelings, the sort of thing which has bedevilled some of the European countries. Even England, which we all admire and love so much, has suffered from social disabilities. Was it not Disraeli who said that there were two races in England? It was a fact not so long ago that the slum boy of thirteen years was five inches shorter than the boy who attended public school. That is on the way to being wiped out, and it should be. In England an end is coming to these social disabilities and inhibitions. But here we have not had that. How could it be so in a country where 99·9 per cent of us go to school together? We all speak the same way. There is no barrier to ability.

Mr. MacINNIS: How many go to univeristy together?

Mr. MACDONNELL (Muskoka-Ontario): Every man who has ability.

Mr. MacINNIS: No.

Some hon. MEMBERS: Yes.

Mr. MACDONNELL (Muskoka-Ontario): I know something about that. I will tell the world that any able man who wants to do it can get to university.

This brings me to opportunity. We in this party nail opportunity to the mast. We seek to help people to help themselves and among other things to provide their own security on a contributory basis.

Mr. Speaker, nature and our forebears provided us with a goodly heritage. By our own efforts and sacrifices we have added to it. Our progress to this present has depended on the free play of the human spirit in all departments of life including the economic. Some point to the war as a time when we made progress through control. It is true that during the war we needed controls in order to concentrate our efforts, but to the discerning eye it was clear that the achievements during the war depended on the same qualities of energy and initiative which capitalism had displayed in peace time.

The great bulk of the people in this country believe that these same qualities are needed to carry us on from here.

People are sensible. They know we cannot get rid of all controls tomorrow, perhaps ever, but they want to have them reduced as much as possible. However, governments will have

to play a part beyond what they used to do, and electors should bear this in mind when they are considering the worth of governments which they elect, and in considering the present budget they will have to ask whether it is what it is because the government wishes to keep the plums for some future time.

This budget I think may fairly be described as a doctrinaire budget, a budget that has taken very little consideration of the man on the street. Take, for instance, the small relief in the sales tax. It is ironical to think of the sales tax being taken off when many people have still to pay an extra twenty-five per cent excise tax on their goods. In considering this budget the ordinary citizen may very well consider what happens—and it is bound to happen, human nature being what it is—when governments stay in power year after year after year. Even the best of them develop a kind of bland arrogance. They come to think, not necessarily that they are perfect, but at least that they are indispensable. They come to have what a famous statesman called in other circumstances a tranquil consciousness of effortless superiority, and this gives them the feeling that they can manage other people's affairs much better than the people can manage them themselves. I suggest, Mr. Speaker, that it is very unlikely that the government in that frame of mind will be able to divest themselves of these powers as fast as they should. They will try to do so but they will find it difficult. It is in any event for the electors to judge whether the government have that openness of mind and that sensitiveness to public opinion which the solution of these problems demands. The widespread criticism of the budget makes me feel that the public at the present time may be exercising their judgment and that no matter how many election plums may be saved up by the government to offer them at election time, they may weigh this government in the balance and find them wanting.

I move, Mr. Speaker, seconded by the hon. member for Souris (Mr. Ross):

> That all the words after "that" to the end of the question be struck out and that the following be substituted therefor:
> "this house is of the opinion that the government does not possess the confidence of the country."

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I think we have had a delightful dissertation from the hon. member for Muskoka-Ontario (Mr. Macdonnell) which we have all enjoyed. I do not propose to follow his example and to take up the time which I wish to devote to the budget by replying to some of his remarks or to returning in kind some of the criticisms that one could make of the party to which he belongs. But I am going to say this to him with regard to the hope that he expressed regarding myself, that there is an old proverb which says that "hope deferred maketh the heart sick." I would remind him also that the definition of "fascism" and "nazism" is this: It is capitalism in an advanced state of decay. My hon. friends of the Progressive Conservative party should take that very much to heart, because I have noticed that there is considerable decay in the party to my left—to my right, I mean.

Mr. MacNICOL: You were right the first time.

Mr. COLDWELL: We sometimes think of the party to the left as somewhat of a conservative party too.

May I also say this to my hon. friend, that the objection is not to profit in the sense that he defined it this afternoon but rather to profit when it becomes the motive of production and replaces human need as the motive for producing the goods that humanity requires.

I think we can all agree that the budget is a disappointing document, though the minister delivered his speech well. It gives little or no relief to the people who need it most. That, I think, is the main criticism which can be made of the budget which was brought down on Tuesday evening.

It is sound policy to budget for a surplus in time of prosperity, but that does not excuse the government from its obligation to assist those whom its policies of removing beneficial controls and subsidies have seriously affected. The gap between prices and income has become wider as the months have passed, and it is obvious that the fifty per cent or so of our population who do not earn enough money to pay income tax have had to reduce their already meagre expenditures on food and clothing and, where possible, on housing also. The reductions in food expenditure which are taking place will in time seriously affect both the health and the morale of those who are compelled to economize in that manner.

I wish to draw the attention of the house to the report of the Family Service Bureau at Hamilton, Ontario, which points out that most families had to spend from 24 to 39 per cent of their income, or amounts ranging from $24 to $45 a month, for food in 1939, and they must now spend from 40 to 80 per cent of their income, or from $50 to more than $100 a month, for the same standard of food in quality and quantity.

If we turn to the Toronto Welfare Council, in its survey of a group of representative families, we find that it reports that many families are now reducing their purchases of essential food products. Fifty per cent of those surveyed reported lower milk consumption, in most cases by from one to two quarts a day; bread purchases were reduced from one to seven loaves a week in twenty-one per cent of the families, and fifty-five per cent bought from one-quarter to three pounds less butter a week, while thirty-four per cent reported that they were using fewer eggs. This, I submit to the government and to the house, is a serious matter not only for the groups concerned but for the nation as a whole. High taxation, which falls particularly heavily on the low-income groups, has been in no small measure responsible for the huge surplus which the minister reported the other evening.

In 1943-44 the government collected in direct taxes—income, corporation, excess profits, $1,635,000,000. In the present budget it is estimated that in the year 1948-49 direct taxes will account for $1,315,000,000, or a decrease of $320,000,000 or twenty per cent from 1943-44. On the other hand, let us look at indirect taxation, the taxes that the people do not know they are paying: sales tax, excise tax, hidden from view. In 1943-44 these yielded the government $956,000,000; but in 1948-49 the minister budgets for $1,056,000,000 from this source. That is an increase of $100,000,000, or approximately ten per cent. In other words we decrease the direct taxes, which are largely collected on the basis of ability of pay, and shift the burden to indirect taxes, which are paid largely by those who are forced to buy clothing and furniture and provide themselves with homes and food.

But when we examine the surplus which was reported by the minister, and which gave him so much satisfaction the other evening, we find that a large percentage of it comes from sources which involve lowered standards of living for a large portion of the Canadian people. I do not know what the result of the present budget will be financially. The minister budgets again for a very large surplus, but I hope that his estimate of size will not be subjected to the colossal error to which it was subjected last year. On April 29, 1947, the minister told the house that he anticipated, for the year ending March 31, 1948, a surplus of about $190 million. On Tuesday of this week he reported a preliminary estimate of actual surplus of $670 million. It is, of course, understandable that estimates cannot be correct down to the last cent; but here is an error of very nearly half a billion dollars. He either had some exceedingly poor advice last year, or the surplus was deliberately underestimated for other considerations. This house, however, is the final authority in the levying of taxes, and in order that we may know what burdens we must inflict upon the Canadian people we should have before us estimates which are at least approximately correct.

While we can accept the principle of budgeting for surpluses in times of prosperity and inflation, there are certain qualifications that I think we should make. In the first place, as I have already indicated, budgeting for surpluses should be deliberate, open, aboveboard and not camouflaged in any way by under-estimating. In the second place, again as I have already intimated, the surplus should not be produced at the expense of those in the lower income brackets least able to bear the burden.

May I remind the house that very large reductions were made last year, and some additional ones are being made this year, which give substantial relief to wealthy individuals and wealthy corporations. If we are budgeting for prosperity surpluses, these taxes, that is the taxes on the corporations and on the well-to-do, should have been retained at their former levels, and the excess profits tax also should have been retained to permit a raising of the exemption levels to at least $1,000 or $1,250 for single persons and $2,000 or $2,500 for married couples.

I say those exemptions should be raised because the government has allowed the cost of living to rise so drastically that incomes at that level today are comparable with the incomes which existed when the lower exemptions were first accepted in this house.

In addition, the continued higher taxation on wealthy individuals and corporations, together with the excess profits tax, could have permitted, I believe, the elimination, or at least the drastic reduction, of the sales tax without very substantially reducing what would be a reasonable surplus for which the government might budget deliberately.

I want to remind the house again that sales and certain excise taxes bear most heavily on the less fortunate portion of our Canadian people. The C.C.F. program has always called for a progressive removal of sales and excise taxes, except those on luxury goods.

It is interesting to read, as I have done during the past few days, the debates which accompanied the imposition or increase of the sales tax some years ago. It was first imposed by the Conservative government in 1920 and criticized by the Liberals then. But when the

Liberals came into power they retained and gradually increased the tax until 1924 when it reached the maximum of six per cent. Later it was gradually reduced, until in 1930 it was down to one per cent. Then came the Bennett administration, which increased it from one per cent to four per cent in 1931, and in 1932 to six per cent, where it remained until my hon. friends of the Liberal party took office in 1935. They immediately increased it to eight per cent, where it has remained substantially ever since.

The other evening I read the debate on the budget when the Bennett administration increased the sales tax from one per cent to four per cent in 1931. The financial critic of the Liberal party at that time was the Hon. J. L. Ralston, who afterwards became the finance minister of the government. He severely criticized the Bennett government because, as he said, it was the ordinary, everyday consumers, the men and women who are hard put to make ends meet who were called upon to pay the extra amount in connection with the sales tax. He added, and I quote his words:

> One gets a real idea what the sales tax means when one looks at my hon. friend's list of additional taxes. Out of $78,000,000 in additional taxes the sum of $52,000,000 will be raised by the sales tax alone.

Yet this year the government proposes to raise by sales tax alone the sum of $325 million net, or four and a half times the amount about which the Liberal party complained so bitterly in 1931.

The manner of the imposition of the tax is, of course, one which involves a much greater levy finally than the original eight per cent. It is imposed at the manufacturing level, so that the wholesaler bases his percentage mark-up on a price which includes the sales tax. Then the retailer bases his mark-up on the price which he has paid, including the sales tax. It is pyramided, so that the actual amount paid by the consumer is much greater than the original eight per cent.

True, the minister has removed the tax from certain food items, and this may or may not be reflected in the family budget because we have no controls, but he should be severely criticized for not removing it from other commodities, particularly from clothing and construction materials needed in the building of houses. Here is one place where effective measures could be taken immediately to remove the high cost of construction. In New Zealand the sales tax was removed on building materials in September, 1946, and it was estimated that this action would result in the saving of £150 on the average size house costing £1,500, or a saving of ten per cent.

May I remind the government that action in this respect, that is, in the removal of the sales tax, was recommended by their own Curtis commission on housing. On page 22 of their report the commission said:

> The earliest opportunity should be taken to remove sales taxes on building materials and equipment.

Action in removing the sales tax, however, might not, as I have already indicated, make much difference in the cost of living because of the government's failure to continue beneficial price controls on basic commodities. The minister himself has said:

> The present circumstances are not appropriate for far-reaching reductions in these indirect taxes. Producers and distributors are in a favourable position to gain whatever the treasury gives up and they could probably find plausible reasons for doing so, notwithstanding the high levels of profits at present.

The reason they are in this favourable position to charge all that the traffic will bear is that the government removed beneficial price ceilings. Since the minister expressed this opinion last year, retail prices have gone up 13·9 per cent between May 1, 1947, and April 1, 1948.

Mr. ABBOTT: I expressed that opinion this year. That is a quotation from this year's budget speech.

Mr. COLDWELL: I read both speeches; I thought I got it from last year's budget speech.

Mr. ABBOTT: That was from this year's.

Mr. COLDWELL: In his budget speech last year, at page 2558 of *Hansard*, the present minister justified his retention of the excess profits tax to the end of 1947, and he justified it by stating that profits had not yet returned to normal levels, and that if they had we should repeal the tax forthwith. He then said:

> Profits before tax still are running at abnormally high levels.

But they were running at more abnormally high levels than the minister was estimating at that time. His estimate last year of corporate profits and other investment income was $42,000,000 less than the more accurate estimate he gave in the appendix to the budget speech this year. Even so, the preliminary 1947 figures show that corporate profits before taxes for 1947 were some $400 million, or 28·1 per cent higher than in 1946, and that net profits after taxes were 35·4 per cent higher.

Lest these figures should be disputed, I wish to put on the record again table 7, in the appendix to the 1948 budget, page 4112 of *Hansard*, which gives us the corporation profits from 1939 to 1947. It is a very short table and I should like to have the permission of the house to put it on *Hansard*.

Mr. ABBOTT: Is that a repetition from the white paper?

Mr. COLDWELL: Yes, taken out of the appendix.

Mr. GIBSON (Comox-Alberni): Put the wage figures in too.

Mr. COLDWELL: Somebody else will do that.

Mr. DEPUTY SPEAKER: Has the hon. member the consent of the house to put the table on *Hansard*?

Some hon. MEMBERS: Yes.

Mr. COLDWELL: I will hand the table to *Hansard*:

Table 7

Corporation Profits

	1939	1944	1946	Prelim. 1947
	(Millions of dollars)			
Corporate profits before taxes.....	598	1,221	1,421	1,821
Deduct corporate taxes....	−112	−603	−670	−804
Corporate profits after taxes.....	486	618	751	1,017
Deduct dividends paid out	−287	−284	−340	−408
Undistributed corporate profits....	199	334	411	609

A further analysis of the table indicates the percentage increase of profits for 1947 over 1939, working it out in percentages, as follows: corporate profits before taxes, 204·5 per cent; corporate profits after taxes, 109·2 per cent; dividends, 42·2 per cent; and undistributed profits, 206 per cent.

May I say to my hon. friend who interjected a remark with regard to wages, that one of my colleagues will put them on the record. I may tell him, however, that real wages in the past year, in consequence of the increase in the cost of living, have dropped in terms of purchasing power, while corporation profits have increased in the same period.

Mr. GIBSON (Comox-Alberni): It is the same dollar.

Mr. CASTLEDEN: But they do not use it to buy bread.

[Mr. Coldwell.]

Mr. COLDWELL: This criticism I have made justifies the criticisms we made last year of the removal of the excess profits tax which, had it been retained, would have had an effect on the ability of the government either to decrease taxation on those least able to bear it, or, on the other hand, to have embarked upon a more substantial health and social security program for the Canadian people, while at the same time securing quite a substantial budgetary surplus, though perhaps not as high as the estimate at the moment.

The minister recognizes the dangers inherent in the high level of capital expenditure on new construction. He blames it, together with the high level of domestic consumption and exports, for the undue strain on our economy, and I wish to say something about this matter particularly.

Many years ago, the Liberal party, like the C.C.F., proposed the control of investments, and the minister's speech indicated that capital construction, that is, investment in plant, equipment, inventories and such housing as was undertaken, absorbed twenty-one per cent of the gross national product during 1947 as against fifteen per cent in 1946, six per cent in 1944 and, going back a few years, sixteen per cent in 1939. It may be remarked, I think that fluctuations in capital construction are mainly responsible for the ups and downs of the business cycle and for the consequent booms and depressions.

I recognize that many expenditures for new plant, equipment, machinery and so on had been deferred during ten long years of depression and six years of war. Consequently there is now a rush by everyone to replace worn-out machines, to buy equipment, and so on, all at once. What is happening is that construction, which should ordinarily spread over a period of sixteen years, is being squeezed into a very few short years. Everyone is building factories, new theatres, new bowling alleys, new breweries and replacing worn-out machines all at once. The danger is, as the minister saw himself, and indicated in his budget speech, that by and by we shall reach the saturation point, and when we do so, then activity will drop sharply and the effects of such a drop will be extremely widespread throughout the whole of the Canadian economy.

The minister recognizes this danger, and that is evident in his statement that this government has, of course, been deliberately restricting its own expenditures on construction and

equipment during the last few years because of its desire to keep excessive national expenditure within bounds, and to divert wherever possible the construction of useful projects until the time when private expenditures will be lower and additional government work will help to maintain employment and income.

The theory is that the government should allow private construction to take its own course, the government being ready to fill the gap left by private enterprise when that gap occurs. I will say this to the minister. In my opinion, this is a decided improvement over the old laissez-faire attitude, but it is still a questionable procedure in terms of actual effectiveness.

The C.C.F. believes that the government should exercise some control not only over government investment but over private investment as well. May I remind the minister that a few years ago that was also the policy advocated by the Liberal party. The effect which government construction spending can have is, I believe, too small in the ordinary course of events to save the country from a major unemployment crisis which will follow unusually high capital construction in this period in which we are living. In our opinion, and we would urge it upon the government, the government should take positive steps, so that private investment spending in some respects should be deferred to later periods and priority given to such desirable and necessary projects as low-rental housing which the house has been discussing for several days this week, during which I hope the government felt rather uncomfortable about the results achieved so far. Such a policy would not only relieve the desperate housing shortage but have long-range effects in relieving the inflationary pressures which are responsible for steadily climbing prices.

What I mean is this. The public control of investment should not only be quantitative, which is to a minor extent what is happening now, but be qualitative as well. Construction contracts for hotels and clubs in Canada last year totalled $14,750,000, but for apartments in which people were going to live they amounted to only $12,070,000.

This, of course, is only one of a number of examples that could be cited. Then, too, we believe the government should exercise some influence on the location of desirable industries. The distressed areas of England and Wales and Scotland, for example, are becoming the sites of great, new and important industries. In the same way some construction expenditure could be diverted to the distressed areas of Canada; and we have those distressed areas. As the hon. member for Cape Breton South (Mr. Gillis) so frequently reminds the house, we have them in the maritime provinces; and to my mind this is what might be called a socially desirable project of the very first order.

In the same circumstances what would a C.C.F. government do? It would establish a national investment board which would exercise control over investments, so that they could be spread over a number of years and diverted into channels where they would be most effective, and establish priority for the most important types of construction, as, for example, housing. Because we believe this, I want to move an amendment to the amendment, seconded by the hon. member for Vancouver East (Mr. MacInnis), in these words:

> That the said amendment be amended by inserting after the word "government" and before the word "does" in the second line of the amendment, the following words:
>
> ". . . has failed to relieve the excessive burden of taxation on the low-income groups of the Canadian people:
>
> (a) By failing to increase the amounts of exemption from income tax from the present levels to $1,250 for single and $2,500 for married persons, and
>
> (b) By failing to remove or substantially reduce the burden of sales and excise taxes which bear most heavily on those suffering from low income and the present high cost of living.
>
> And further, the government has failed to establish a public investment board to assure the channelling of capital investment into socially desirable projects as a means of maintaining full employment, increasing production and raising the standard of living of the Canadian people.

Having moved that amendment, I think it is interesting to note that the government accepts the inevitably of depression and deliberately budgets for it. The C.C.F. believes our budget should be designed to prevent depression and to maintain the highest possible level of employment and income. Of course we shall be reminded that one attempt has been made by the government to slow down construction expenditure. How? By raising interest rates, through the withdrawal by the Bank of Canada of market support for our national bonds. But in his speech the minister said, as reported at page 4058 of *Hansard*:

> This increase in interest rates at this time is not expected to have any great effect in restraining the high level of capital expenditure . . .

Then he went on to say:

> . . . I do not believe that any reasonable increase in interest rates would act as a serious brake upon business expenditures under the circumstances of today, nor would it serve effectively to persuade consumers to spend less and save more of their income.

If that is the opinion of the minister I would ask why the government took action to raise interest rates.

The hon. member for Muskoka-Ontario discussed double depreciation. I was interested to hear him criticize double depreciation because, as far as I can recollect, these large amounts of depreciation of all kinds that have been permitted to corporations and companies, including powerful oil and mining companies, have been supported wholeheartedly by members of the party for which the hon. member for Muskoka-Ontario speaks. If I may give an example of the misdirection of investment I would refer the minister and the house to table 8, at page 8 of the appendix to the budget. There it is shown that, while new residential construction in 1947 increased by 37·9 per cent over 1946, other new construction increased by 59·3 per cent; new machinery and equipment, by 60·9 per cent, and investment in inventories, that is goods held for future sale, by 101·6 per cent. Housing, which I repeat should have first priority, is last in that table submitted by the minister.

My time is running out. Unlike that of the hon. member for Muskoka-Ontario, it is not unlimited, and I do not propose to impose upon the house. Other features of the budget, however, deserve some comment. It is proposed to give further exemption of $500 to persons over sixty-five years of age. It is difficult to understand the logic of that exemption, though we welcome it because it will benefit a few people who need more income in their declining years. But we must not forget that most of the people of Canada over the age of sixty-five will receive no benefit whatever. Indeed, forty per cent of those seventy years of age and over are today in receipt of old age pensions, indicating that their incomes are not even $750, let alone $1,500. Their incomes are less than $600 a year. To my mind a better plan to help people of sixty-five or seventy would have been to abolish the means test, increase old age pensions to $50 a month, and at least to begin to lower the age to sixty-five, on the plan suggested in the dominion proposals to the provinces. We should not forget that the increase of $500 in the exemption will be reflected most in the highest brackets, because it will raise it at the bottom and relieve these people to that extent. So that not the needy but the more comfortably situated will reap the greatest benefit.

It is questionable whether people over sixty-five years of age need a further exemption of $500 as much as younger people, when they are building homes, establishing businesses and raising families. Indeed, the action of the government merely strengthens our demand for an increase in the income tax exemptions by at least $500 for single persons and $1,000 for married couples, as I have indicated. If we wish to introduce new and worthwhile features into our income tax allowances we might well consider a variation of the plan adopted, I think in 1945, in the United Kingdom, under which a man working on the land may receive a further exemption of $1,000 a year if he invests that amount in improvement to his farm. The thought behind that is not unlike the thought the hon. member for Muskoka-Ontario had this afternoon, except that he used it in a rather different manner than I am going to use it at the moment.

We might, for example, give an exemption to a farmer, a home-owner or a builder, that is, one who is going to inhabit the home when it is built, to the extent of an exemption of $1,000 a year, or less, up to a maximum of, we will say $10,000, spread over a period of ten or fifteen years. What we are failing to do, under present circumstances, is to encourage our people to become the owners of personal property upon which they and their families should depend for their sustenance or for the making of a good and proper home.

No party in this country, no party in the House of Commons believes more thoroughly in the right to own and enjoy personal property than the party with which I am associated. As a matter of fact, our main criticism of the present economic system is that it denies to a majority of our people the right to own homes, personal property which they and their families can enjoy. That is the main principle; that is the reason this great capitalist system under which we live has created what is sometimes called a proletariat. It is the reason for what the hon. member for Muskoka-Ontario condemned and which I condemn equally; it is the reason in many parts of the world for class warfare and class struggle, namely, the economic system which has denied to the individual the right to own the land or property upon which the happiness and sustenance of himself and his family depend.

Those of us who know the history of the rise of the industrial system, the history of the rise of capitalism from 1750, on, in Great Britain, know it was the story of the constant expropriation of the workers of Great Britain from the right to the common land and other

facilities which had been theirs for centuries after they had delivered themselves from the feudal system in vogue previously.

So we believe that the attempt should be made to distribute such property more widely; and that is one of the aims of the movement we represent in the house.

Mr. KUHL: What about private business?

Mr. COLDWELL: Private business? Where it does not exploit the people, where it treats labour properly, and endeavours to serve the community as a whole, it requires no intervention. But when it reaches the stage of exploitation and monopoly, which private business has reached to a very large degree in our country, then it is time for the representatives of the people to take a hand.

I was going to say that even the increased penalty for failure to file income tax returns in time, suggested by the minister in his budget speech, will fall more heavily upon the farming community than upon any other group. Farmers, as we know, have great difficulty in filling out their income tax returns in time, especially as in our case those returns have to be filed in April; and the filing of income tax returns coincides with the busy seeding season of the farmers.

I believe I have exhausted the time at my disposal. May I conclude by saying this, that it was, I think, appropriate that the government should remove the tax of sixty cents a gallon on vinegar. It will at least remind the Canadian people of a budget that is thoroughly sour.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, it has been indeed a delightful experience to listen to the two splendid speeches we have heard this afternoon, particularly in relation to a budget which has been variously described as an umbrella budget, a vinegar budget, an alarm clock budget. I am sure the Minister of Finance (Mr. Abbott) did not have to provide the people of Canada with alarm clocks to waken them to the fact that his budget is a dreary document, without a ray of sunshine, and entirely lacking in faith and optimism.

Upon his very good presentation of what I thought was a very bad case, I offer to the minister my congratulations. I think a good deal of my hon. friend. I have been very fond of him ever since I came to the house and learned to know him. I am sorry, therefore, that I cannot go any further in my congratulations today.

As I listened the other night to the presentation of the government's financial program for the ensuing year, it became perfectly clear that the minister was unfolding before us what one might expect from mentalities geared to traditions of scarcity.

The successive budgets presented to parliament since confederation, and more particularly those of the past twenty-five years, have all conformed to a single general pattern. Each has been simply another link added to the ball and chain which the years of financial misrule have forged about the feet of the Canadian people. This budget could not have been better calculated to hold the citizens of this country fettered in their struggle for happiness, limited in their exercise of normal freedom, and frustrated in their just claim to reasonable material security.

The budget now before us is no exception to that general rule. It is another ball-and-chain budget. Over the years the weight of the ball has become heavier, the links of the chain bigger and tougher. And the minister had better begin to notice that the protests and groans of the Canadian people are becoming louder and much more insistent.

The minister at this time could have brought financial proposals before parliament that would have cut the chains loose, once and for all, so that neither ball nor chain could ever again shackle the Canadian economy. But in his fear of full production he missed the chance and muffed the ball.

I suppose it is a foregone conclusion that a majority of the members of this parliament, each elected by the voters of his constituency and responsible to them, will accept the minister's budget; will commit this parliament to its adoption. No budget presented by any government has ever been materially altered, much less defeated, in the history of our parliament. That very tradition serves to bind the ball and chain more firmly on to our people and their economy.

I have just wondered if, in this fourth session of Canada's twentieth parliament, faced with some realization of the extent to which the monstrous ball and chain bind us down, a majority of the members of this house would show courage to ignore that tradition; and with a consciousness of their responsibilities to their electors transcending all party considerations, accept proposals counter to some of those in the budget, but designed to help the Canadian people to realize that happy condition wherein they might be unfettered in their pursuit of happiness and not frustrated in their struggle for reasonable material security. With the minister's budget before them, how else could the average run of Canadian feel than frustrated and the

average Canadian businessman than discouraged? The general attitude is, I think, admirably summed up by Walter D. Jones, president of the Canadian chamber of commerce, in these words:

> The government's financial policy seems to be based on the questionable assumption that money in its own hands will be spent wisely and well, but money, in the hands of a citizen or a businessman must be heavily taxed for fear of its becoming a danger to the national economy. Experience shows no justification for such an assumption.
>
> Indeed, when the finance minister states in the face of the largest surplus in the country's history that he must put still more money away for a rainy day, he must surely know that it is equally important that tax rates, even in good times, should not be confiscatory to the point of preventing the thrifty taxpayer himself from saving money for a rainy day.

I close the quotation at that point. I say that is my sentiment exactly. Most Canadians are becoming wiser with regard to finance and taxes than the minister appears to give them credit for. For instance, they know it is sheer nonsense for the federal government to pretend that it is putting away money for a rainy day. If the minister had declared that he was putting into storage material things like not easily perishable foodstuffs, defence materials and such like out of present production against the day when these things might be short, then it would have made sense, but if the government puts away a whole shipload of money, when the rainy day comes the real comfort to both government and people would be the production of labour and machines, and not the money.

The Minister of Finance at any time can get all the money this country needs to distribute both current and accumulated production without having to save that money from one year to the next. But not so with the individual, not so with the businessman. Moreover, if the government is in real earnest about debt reduction I suggest that there is a far more effective way of considering it than by practising highway robbery on the producers of wealth in this country. This I shall refer to very soon.

Right now I think is the time to revive the hope of our people and the faith that their productive efforts and thrift will be rewarded by a government that is determined to provide them with ample opportunity for the abundant life, liberty and the pursuit of happiness. To achieve these ends, I submit counter-proposals to some of those that have been submitted to this house by the minister. I propose that a national monetary authority be set up at once, responsible to parliament and vested with powers in the name of the people of Canada to enable the following physically possible results to become financially possible.

First, I propose, as an initial step in a comprehensive debt-retirement program, that Canada's national debt be forthwith reduced by $3,500 million to $4,000 million. This to be done under a procedure wherein the monetary authority shall call upon the chartered banks to deliver to the Bank of Canada the Dominion of Canada securities which they hold up to that value, each bank to be credited on the books of the Bank of Canada with an amount equal to the face value of the securities delivered by it as an asset to balance the liabilities of the said bank to its depositors. The national monetary authority will then so regulate the use of this credit as to enable the chartered banks to meet their liabilities to their depositors in an orderly fashion and in a manner to maintain the stability of the national economy. This initial move will save to the people of Canada not less than $100 million annually in interest.

Second, I accept the provisions for expenditure as submitted by the minister in his estimates. These may be revised as discussion in the committee of supply may indicate as desirable. But in addition, I propose provision for expenditures as follows:

(A) Cancellation of the existing reduction in family allowances for each child after the fourth. This to be the first step toward an ultimate increase of fifty per cent in all family allowances as soon as Canada's production has reached an optimum level and conditions of foreign aid and world trade make it possible. I estimate that this provision will require an additional $15,000,000.

(B) Immediate provision for old age pensions of $50 a month at seventy years without a means test, this to be the first in a series of steps to be taken toward the objective of a $50 pension at age sixty. Succeeding steps to be taken also as Canadian production expands toward its optimum level and when international trade and foreign recovery assistance problems yield to successful solution. I estimate that this provision will require an additional $169,000,000 from the federal government.

(C) Pensions, for needy widows of sixty years and over, and payments to all disabled adults not otherwise provided for by government allowances, no matter what the cause of disability, if any, at age eighteen years. I think this will require approximately $20,000,000.

(D) Provision for a sum for the bringing up of war veterans allowances from $30 to $50 a month for single persons and from $60 to $85 a month for married persons and to increase 100 per cent disability pensions to $100 a month. This will require an additional $10,000,000.

(E) Provision for the encouragement, by subsidy or otherwise, of the increased production of primary products whose importation into this country from the United States has caused such a shortage of United States dollars. The objective must be to make Canada in the shortest possible time as self-sufficient as is possible in such things as sugar, coal and steel. For this purpose I would set aside $75,000,000.

These five proposals for additional expenditures total $289,000,000. They could be provided for entirely out of the surplus which the minister has estimated. The extent to which that surplus was intended for debt reduction becomes of very little consequence since I have already provided for the reduction of debt to the extent of $3,500 million to $4,000 million, with a consequent saving in interest of $100,000,000 to $120,000,000 a year.

On the revenue side I propose that the sales tax be abolished. The minister estimates an income of $395 million, in round figures, from this source; hence reduction in revenue if this proposal were adopted would be $395 million. Abolition of the sales tax must be accompanied by measures to ensure that the benefits are passed on to consumers in lower prices. One such measure is suggested later when I deal with corporation income tax. Since this tax, like all hidden or indirect taxes, has the effect of pyramiding costs, it can be reasonably expected that the cost of living would soon show a much greater reduction than eight per cent as a result of its abolition.

I propose the cancellation of the recently imposed excise tax of twenty-five per cent, and that it be replaced by import restrictions as long as it is necessary to take unusual measures to safeguard our dollar reserves.

In the income tax field, Social Crediters have consistently pressed for raising of exemptions to $3,000 and $2,000. As the first move in this direction, I propose that exemptions be raised this year to $1,500 for single persons and to $2,400 for married persons, and that that portion of incomes in excess of $3,000 be taxed for the coming year on a basis beginning at forty per cent, with a rising scale, so that the loss of revenue from this source should not exceed $300 million.

Corporate income tax requires considerable adjustment if proper incentives to all-out production are to be provided, and if we are to ensure the passing on to consumers of benefits resulting from sales tax abolition. Therefore I propose exemption from corporate income tax on a basis that would represent ten per cent return on capital, this figure to be arrived at by a procedure similar to that used by the board of referees, formerly set up and used by the Minister of Finance; this exemption to be conditional upon the corporation furnishing satisfactory evidence that savings in cost resulting from sales tax abolition have been passed on to consumers. Moreover, I propose that corporate incomes in excess of the ten per cent just outlined, but not exceeding twenty per cent, be taxed sixty per cent; and all corporate profits over twenty per cent on capital invested be taxed at the rate of eighty per cent. I estimate that on this basis the yield in taxes would be about the same as that estimated by the minister on the basis of forty per cent of all corporate income, as provided in the budget before the house. I might say, in passing, that it would reveal a more healthy state of affairs if there were hardly any revenue on this basis. It would mean that corporations would have succeeded in so organizing their affairs that, after dealing fairly and equitably with their employees and customers, they had managed to arrived at a just and satisfactory profit, and no more. In such an event, what I set out hereafter will take care of the eventuality of loss of revenue on this count, should we experience that happy outcome. I should just say here, that ten per cent profit is not excessive. A ten per cent book profit generally permits but a five per cent distribution, the balance usually being plowed back for capital purposes.

All these proposals represent a decrease in revenue amounting to $695 million, without allowance for possible reduction in income as a result of the corporate income tax changes suggested. Then, when we add the proposed additional expenditures of $289 million, we find in my proposals a total upset in the minister's budget calculations of some $984 million.

I recommend that this amount of $984 million be provided for as follows:

(a) by using from the estimated surplus—$484 million.

(b) by saving in interest charges through the debt reduction which I outlined at the beginning—$100 million.

(c) by estimated increases in revenue from remaining sources of taxation, over and above calculations by the minister, which are bound to result from increased buoyancy in the national economy—$100 million.

(d) by use of national credit through the Bank of Canada—$300 million.

Hon. members are at once in a position, it seems to me, to appraise the extent to which my proposals will bring about a large measure of those results which the people desire, and which the manpower and resources of this great nation can unquestionably achieve. They implement some of the possibilities of the true economic situation, and start us on the road to peaceful prosperity for every Canadian. Because they are based on true economic principles, they can bring to Canadians a great degree of security and an ever-increasing measure of freedom. So long as they can be implemented, there can be no argument against them, except perhaps that they do not go far enough in the constructive and progressive set-up of which they form but the first steps.

In giving them consideration, hon. members will naturally require an answer to the question: Will their adoption mean aggravated inflation? The limited time at my disposal prevents me from developing the answer to that question at this time. One of my colleagues who will follow in this debate will deal with this question fully. Just let me say in passing that the adoption of my budget proposals need not, and very likely will not, aggravate inflationary tendencies already present. I propose that any threat of aggravated inflation be effectively dealt with, whether under my proposals or under the budget the minister has brought before us. I do not like inflation any more than anyone else. It can be controlled, and I say that inherent in the proposals I have made are the controlling factors against inflation.

Surely hon. members can visualize, in the exercise of a single thought, the transformation which the adoption of these proposals will bring to our problems of production. Consider the incentive which industrial management will find in a realization that profits to the extent of ten per cent will not be subject to confiscation in any degree. To this extent, at least, the industrial producer becomes a free agent, unmolested by all the annoyances and costs of bureaucratic interference.

Consider for a moment the new incentive to the married workman who earns $2,400 or less, and who knows his pay envelope will come to him intact and unmolested by the high-handed exactions of a toll of "deducts". He will be conscious that his weekly pay envelope will secure for him and his family something more on a par with his productive effort, because of the removal of those ugly hidden taxes that breed high prices and constitute a burden on those in the lower income brackets out of all proportion to any added service the government may render as a result of the proceeds of their collection.

[Mr. Low.]

I am convinced that the removal of the sales tax and special excise tax, aided by the increased production that is bound to result from the improved incentive, can in a short time lower the cost of living index from its all-time high of 152 to less than 130, and in longer time to normal.

Consider the new spirit and the will-to-do that would come from a sure knowledge that, as effective productive effort increases the volume of goods and services available, children will be provided for through increased family allowances, on a basis that means a substantial contribution to what it takes these days to meet the essential material needs of a child; the aged, disabled and widowed will be cared for in comfort and in some degree of decent living. It does not require prophetic vision to see ahead, my proposals drying up the cesspools of hardship and discontent in which communism thrives. It needs no exaggerated imagination to see ahead a new atmosphere for constructive, friendly relations between labour and management, such as to ensure the production of wanted goods and services at an ever-increasing pace.

Inflation will not follow the adoption of our proposals. They have in them what can be used to curb the excessive forces that bring on inflation. Above all, they have in them the spur necessary to induce greater and greater production of wanted goods and services. Moreover, Mr. Speaker, that item of $75,000,000 to encourage increased production of such items as sugar beets, coal and steel represents the most effective possible attack on the threat to the Canadian economy from an unwarranted dependence on products from the United States and other dollar countries which has resulted in the austerity program now in effect in Canada.

You have before you my proposals for a bountiful budget as opposed to the baleful ball-and-chain effort of my hon. friend the Minister of Finance. In my proposals, adjustments may be needed in matters of detail and in connection with accidental circumstances which I have not considered. I have not at my disposal for research and preparation the minister's bevy of personnel. I often feel that he would be a whole lot better off without his, or most of them. Too many of them are steeped in the mentality of scarcity of the London School of Economics, where for now almost a century journeymen economists have learned to forge the ball and chain. But the framework is there. I have not been able and shall not be in the time at my disposal to present full arguments and supporting statements, but others will follow from this corner

of the house who will present those supporting statements. I submit that, contrasted with the succession of ball-and-chain budgets placed before this parliament in the past, our proposals represent the transition from a long, dark night to the dawn of a new day whose span, by the way, can be just what we make it. Our proposals at least begin to place the proper value on our human resources, the greatest resource that we have in Canada, and a resource which we very often overlook and fail to develop.

I think most hon. members will recognize that the proposals I have made are designed to implement what was contained in the amendment which my colleague, the hon. member for Red Deer (Mr. Shaw), twice submitted in the throne speech debate. These amendments called for the application of Social Credit principles which our group have been expounding in this parliament over the past thirteen years. The things I have suggested were also involved in the amendment which I submitted to the throne address last year, which amendment included these words:

> The use of the national credit to meet at least some of the financial requirements for essential services, and as a guarantee that this country would not again be subjected to financial depression, to make available to each and all Canadian citizens a proper portion of purchasing power which shall not first pass through the usual channels of industry.

When I moved that amendment in 1947, the leader of the opposition (Mr. Bracken) gave support to that portion of my amendment just quoted, with certain limitations. But the limitations did not exclude anything that was involved in my amendment of a year ago, or indeed anything in my present proposals. I quote the opposition leader's exact words on that occasion as taken from *Hansard*:

> To the extent that such a fiscal policy has been or may be used for the support of definite public services such as old age pensions, family allowances, floor prices and so on, services that are regarded as being essential to the public good, to that degree I support it.

Mr. Speaker, those words of the hon. leader of the opposition exactly fit the proposals I have made today, because I have called for the use of the national credit for family allowances, old age pensions, floor prices, and so on. Such use of the national credit to the amount of $300 million means that purchasing power to that extent would circulate amongst the people without creating a debt at its source and without accumulating an interest burden throughout its whole life. It need never be cancelled out of existence until that day when production falls short of the purchasing power available in this country.

I visualize for the national monetary authority, which it is proposed to set up, a role ever-increasing in importance. Its main function would be to implement the financial policy laid down for it by this parliament, a policy designed to keep always in the hands of all the people sufficient effective purchasing power to balance the total prices of the goods and services available for sale—no more and no less. Let me emphasize here that in it would be no element of that bureaucratic control which, till now, has been increasing its grip on this nation. Moreover, I have no idea for the present or the future that the chartered banks shall in any way be interfered with in the excellent accounting job they are doing and the skilled judgment they are exercising in the financing of production. I simply advocate that the sovereign title to the creation of money be vested in the people whose inalienable possession it must be, and must remain. There is very little wrong with the present method of financing production, but there is everything wrong with the financing of consumption, which seems to be nobody's job these days.

At the same time, I should like to assure hon. members that in the proposals I have made this afternoon the depositors in chartered banks of this country will not be interfered with in any way in the control of their own deposits. They shall continue to control them and to use them as they so desire.

With reference to this inalienable right of the people to exercise effective control of currency and credit, I find myself in complete agreement with the cogent pronouncement of the Prime Minister (Mr. Mackenzie King) which he made in a radio address just before he came into power in 1935, repeated and printed in a pamphlet calculated to help bring him to power, but on which he has been strangely silent ever since. I quote:

> Let me repeat what I said in parliament: once a nation parts with the control of its currency and credit, it matters not who makes the nation's laws. Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of parliament, and democracy, is idle and futile.

I am sure the Prime Minister agrees with that statement even today. I am glad that he is in his seat, and I am glad to see him nodding his head in assent to what I have said. In the light of that and of what I have said this afternoon, knowing the hearts of a good many of the Liberal members, I

think I should expect substantial support for my proposals from the Liberal side of the house, including the Prime Minister. I realize, sir, that the rules of this house prevent me from formally submitting my proposals for a vote in this debate. Not more than two amendments can be submitted on the budget, but it does seem to me that the people of this nation are entitled to know the extent to which their representatives are prepared to support or to reject the proposals I have made. It should not be by the application of house rules that this nation is governed, although I recognize that rules are necessary in carrying on the nation's business in this parliament. I suggest that if the majority of the members of this parliament desire during this session to give effect to our proposed financial changes, it is entirely within their power to do so. If the majority of the members want to do these things, I feel sure that the minister who has submitted this budget, and of whom I am very fond, as I have already said, could be prevailed upon to insert the necessary changes which would give effect to the things I have proposed.

Let me say this. I am convinced that if the minister will do just that, if he will revise his budget along these lines, I am satisfied that it will receive support in the house unparalleled in the history of this parliament. I cannot resist the temptation to say that his political fortunes, and the fortunes of those associated with him, would be enhanced to a degree that will never be achieved at any national convention such as is proposed for next August.

In closing, Mr. Speaker, may I say that in the name of my constituents, yes, in the name of every citizen of this country, I call upon this parliament to rise up now and cast off the ball and chain and consign them forever to oblivion.

On motion of Mr. Gibson (Comox-Alberni) the debate was adjourned.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

The DEPUTY CHAIRMAN: When the committee rose last we were dealing with departmental administration.

Item agreed to.

[Mr. Low.]

Science service—

5. Science service administration, $168,374.

Mr. NICHOLSON: On quite a number of occasions I have urged more adequate compensation for the science personnel of the Department of Agriculture. It is unfortunate that Canadian scales of salaries have not been brought to higher levels. Unfortunately a great many who are employed by the Minister of Agriculture remain in Canada at considerable sacrifice. One of my college classmates had a Ph.D. He spent fifteen years in Canada in the government service and reached a maximum of $3,200, and finally he left, after taking on family responsibilities, and got a job with a commercial concern starting at $6,000, and soon had an increase to $7,200. Can the minister make a statement to indicate what progress is being made in getting increases for the members of the science services of his department?

Right Hon. J. G. GARDINER (Minister of Agriculture): At page 87 of the main estimates, giving the details, it is pretty well indicated what has been happening in the service. The salary of the director of agricultural science service has been increased from $7,200 to $8,000; the salary of the assistant director, from $3,960 to $4,140; agricultural scientist, grade 8, a new one, at $4,860. The principal clerk's salary is up by $90 and clerk grade 4 and the other clerks have also been given increases.

I presume what the hon. member had in mind is the scientists working in the different branches of the department whose salaries have been under review for some time. I can only repeat what I said last year, that we were in advance of any of the other departments in having a review made of salaries and having increases provided for under the general survey that was being made of salaries throughout the service. It is still correct to say that we are far in advance of any other department of government in the matter of salaries.

Mr. NICHOLSON: The common complaint has been that adjustments always start at the top with substantial increases and there are increases for people at the very bottom, but there is a large group in between who so far have not had adequate relief from the cost of living. Can the minister indicate what the prospects are in the immediate future for the large bulk in the middle-income groups who so far have not had increases? How soon can they expect satisfactory adjustments?

Mr. GARDINER: I think, Mr. Chairman, you had better call it six o'clock, and at nine o'clock I shall have all the details.

Mr. ROSS (Souris): Shall we go on with these estimates this evening?

Mr. GARDINER: Yes, when consideration of private bills comes to an end.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

BELL TELEPHONE COMPANY OF CANADA

The house in committee on Bill No. 8, respecting the Bell Telephone Company of Canada—Mr. Rinfret—Mr. Golding in the chair.

On section 1—Power to increase capital.

Mr. MacNICOL: Mr. Chairman, I shall be brief. When the hon. member sponsoring this bill introduced it on February 27, if I had been in possession of the information I now have, which was given when the bill was being considered in committee, perhaps I would have changed my mind in some respects. When I rose to speak at that time, what I had in mind was to obtain for Ontario, if possible, the assurance that was given to British Columbia on May 2, 1947, in connection with a similar bill, by the hon. member for New Westminster in reply to a question asked by my deskmate, the hon. member for Vancouver South. Let me read what was said. The hon. member for Vancouver South said:

> I think it is essential that some protection should be given to telephone users of British Columbia. I understand that the hon. member has been authorized to give assurance to the effect that the company has no present intention of applying for an increase of rates and will not make any such application unless compelled to do so by extensive changes in conditions.

The hon. member for New Westminster replied:

> That is my definite understanding.

That is what I had in mind when I spoke on February 27 last; I wanted some assurance in connection with the present bill. This matter was considered by the committee on railways, canals and telegraph lines on May 11. One of the witnesses was Mr. N. A. Munnoch, K.C., vice-president and general counsel for the company. Referring to the amount of money which was to be spent, the hon. member for The Battlefords asked:

> Can you make that expenditure and hold your present toll rate at the present figure?

That was a very pertinent question, and in reply Mr. Munnoch said:

> It is impossible to say what will happen to telephone rates, but I can say that at the present time the company has filed no application with the railway board for an increase in rates—

Then he added:

> —and has made no preparation for filing such an application.

If that assurance had been given by the sponsor of the bill I for one, at any rate, might have taken a different position, though I am glad I took the position I did at that time. Then Mr. Munnoch went further and said:

> We have carried on through the war period and by reason of economies and technological improvements in telephony we have been able to maintain our present rate structure since it was established in 1926.

They did that all through the depression and all through the war, and I was convinced that they must have exercised very good management, particularly, in order to have $13,000,000 left from the $75,000,000 by which they were authorized to increase their capital on the last occasion. So I must confess I am convinced that the Bell Telephone Company when it issues this stock will spend the money judiciously. I also have in mind the reply by the vice-president and general counsel, which to me is a little stronger than if the statement had been made by the hon. member for Outremont, and which is equal to the statement made by the hon. member for New Westminster when the British Columbia telephone bill was under consideration. All these factors induce me to refrain from further opposition to the bill, and I propose to vote for it.

Just before resuming my seat, I wish to compliment my hon. friends to the left on the stand they took. Along with others and myself in this party, including the hon. member for Broadview, the hon. member for High Park and the hon. member for Vancouver South, they did what they thought was their duty. I am never afraid to do what I think is my duty. I am under obligation to no living man, as far as I know. I have no stock in the Bell Telephone Company, and further I can say this, which I have not said before. When I came to this house I divested myself of any stock I had in any concern or company with which I had anything to do that I thought might ever come to this house for a favour or for support. I wanted to be in the position that I was under no obligation to anyone who might come here. What I have

said or done has been from my heart. It may have been wrong as far as my head is concerned, but it has come from my heart and I believe it has been right. So I compliment my hon. friends to the left, because in my opinion they were rather meanly treated by reason of the epithets and phrases which were hurled at them and which they did not deserve. They did what they thought was their duty, and I share with them the assurance I quoted given by the general counsel and vice-president of the Bell Telephone Company. That is what I was after. As you well know, Mr. Chairman, in my riding are perhaps twenty thousand, more or less, Bell Telephone users. In the main they are humble people, and I was anxious that they should not be asked to pay more than the $3.45 a month they are now paying. I accept the assurance of the vice-president of the company in that regard.

In conclusion, may I ask the hon. member for Outremont to communicate to the company that I for one would strongly recommend that they do what they did on the last occasion, at the instance of the hon. member for Broadview. No man I know in public life has done more for his constituents than that hon. gentleman. On the last occasion he fought a hard battle against all sorts of cruel opposition, for which he received no thanks whatever, to obtain a flat rate not only for Toronto but for the people living all around and about it. I would suggest to the hon. member for Outremont that an effort be made to get that flat rate for an area within five miles of the hon. member's own city, the city of Toronto and other large cities. It seems to me that it is not fair to ask suburban residents just outside cities to pay rates that are higher than those which we pay in the cities.

Further, I wish to express my appreciation of what has been done by the hon. member for High Park. I have always found him a fearless fighter. I would say the same for the hon. member for Vancouver South, and I pay my tribute to them for the part they have played in bringing about the assurance given re rates.

I fully realize that if, in time, for one cause or another the company has to have a higher rate, it will make its application to the railway board. I am satisfied with the assurance that was given to the hon. member for Vancouver South on May 2, 1947, and as above referred to re this bill.

Mr. KNIGHT: Mr. Chairman, this group is opposed to this section of the bill, and to the bill of which this is a section. We base our opposition chiefly upon the opinion held generally by ourselves and at least by some members in all parts of the house, that the increase in capitalization asked for by the company is too high.

The company is asking that its capitalization be increased from the present amount of $150,000,000 to $500,000,000. We believe that is too large an amount of capitalization for the company to ask at any one time. We believe, too, that a company with a capitalization of that sort, and particularly a transportation company—because, in a way, it is a transportation company—by its very nature would become a virtual monopoly. We believe that if it is to become a monopoly it should be a monopoly owned by the people of this country.

We could have a telephone company operated on a co-operative basis, in which event the profit would go back to the users of the telephone, or we could have a publicly owned company, in which case those dividends would go to all the people of the provinces in which the company performs its operations.

In this instance the profits of the company do not go to the users of the telephone as such. They go to those fortunate people who in early days invested their money in this venture. We have no great fault to find with that, under present circumstances. But we do recognize that the assets of this great company have been built up by the users of those public facilities. They have created those assets, but they are in the position of not owning any of them.

Dealing again with our view that the increase in capitalization is too great, let me say that this, like other companies, is one which has to come to parliament from time to time to obtain increases in its capitalization. I shall have a word or two to say about that later.

This group delayed the bill in its early stages, but only until two conditions were fulfilled. We held it up, first, until it had been established that there had been good and sufficient time for hon. members to say practically everything which could be said in respect of the bill, and time in which all information available could be obtained. In the second place, we held up the bill until we discovered that in the house a majority of members—and I believe this to be true—were in favour of an increased capitalization for this company.

When those two conditions had been fulfilled we withdrew our opposition and allowed the bill to go to the appropriate committee. I was a member of that committee and, if I had

the time and were in the mood, I might be somewhat critical of committees of that sort. We had a genial and good-natured chairman—perhaps that was part of the difficulty. I would say in passing that it is unfortunate for a small minority on a committee when the greater number on the committee are in favour of rushing legislation through. On at least two occasions I was on my feet in an effort to move an amendment to the section we are now discussing, but I was informed that it had been carried long ago. My voice was not heard among the vociferous chorus of "carried, carried, carried", from all sides, which reminded me collectively of the individual voice of the former minister of veterans affairs.

Mr. CASTLEDEN: In his more robust days.

Mr. KNIGHT: In the committee we met the officers of the company. May I pay tribute to them by saying that they were fair. I found some fault with them in that they would not make certain prophecies which I tried to persuade them to make. However, I believe they did produce the facts, to our satisfaction. We would like to persuade those officers to be content with a little less capitalization than is called for in this section.

After having examined the witnesses as best we could, we did not alter our conviction that the capitalization asked for is still too high. And we are also alarmed by the other point brought out by the hon. member for Davenport, namely, that we are likely to be faced with a rise in telephone rates charged by the company.

In its final analysis the money asked for in this section is needed for a tremendous expansion of the company in the matter of giving new service. That means practically the installation of new telephones and the setting up of machinery to service those telephones. This great amount of money could be defined, roughly, as the number of new units necessary multiplied by the cost of the telephone unit.

Before taking my seat, I shall have further comment to make on that aspect of the matter—the same comment I made in committee. I learned from questioning the officials that the company estimates that at the present time the cost of installing a telephone unit at present prices is $550. One member of the committee seemed confused on this; he appeared to think the cost of the mouthpiece was the main factor. I believe my information goes farther than that.

Might I point out that that figure of $550 is an all-time high. I asked the officials for corresponding prices of installations and the cost of a telephone unit in times when prices were not so high. I believe the official mentioned the period between 1932 and 1937 and gave the figure of $230, which may or may not have been the lowest figure in that period. The officials did not know. I want to make the point that the amount asked for is predicated upon the price per unit remaining as it is now or going higher. I do not think the company is justified in the assumption that the price will stay as it is or go up during the next five or six years.

I would remind hon. gentlemen that prices have been known to go down before, and drastically. If prices were to go back to the $230 figure the company would then have a much higher capitalization than it needed and would find itself in possession of vast sums of money which for the moment were not needed for the expansion of the company.

I shall here refer to the minutes of proceedings of the standing committee on railways, canals and telegraph lines, where I am reported on page 44 as follows:

> Mr. Knight: The position is this: if your cost goes down to $230 within the next year or so, you will find yourselves, in terms of what you are asking for, in the position of having twice the amount you need, predicated on present costs?
>
> Mr. Johnston: I think we can agree with that.

This company must come to parliament once in a while, and I think that is a healthy condition. I believe I used the expression that they must come for an occasional medical check-up. If my argument is sound and prices go down it will mean that this company will not have to come to parliament for an increase in its capitalization for perhaps twice as long a period. That is one reason why we think the amount asked for is too great, and we hope that the company and this committee will be satisfied with a lesser amount. I think that to decrease the amount asked for would be to the advantage of all the people of Canada, and so I move, seconded by the hon. member for Kindersley (Mr. Jaenicke):

> That subsection 1 of section 1 of an act respecting the Bell Telephone Company of Canada be amended by striking out the word "five" as it appears in line 20 of the said section and substituting therefor the word "three."

Mr. JAENICKE: Mr. Chairman, I should like to say a few words in connection with the amendment which has been moved by my colleague. This company is seeking a substantial increase in its capitalization, and I submit that a company which is admittedly a monopoly should satisfy this committee that it needs that amount of capital. The onus of proof is on the company to show that it needs an expansion of $350,000,000 in its capital.

I contend that the amount for which the company asks is excessive, and I base my argument entirely upon the brief presented by the company and upon the evidence given before the committee on railways, canals and telegraph lines.

According to the brief and according to the evidence, the company expended $104,495,000 between August 1, 1945, and the end of March, 1948, in order to instal 329,000 additional telephones, an increase of 32 per cent. This means that in a little over two and half years the company expended in capital funds $317.60 for each telephone installed. This sum represents the cost of the following capital equipment: right of way, land and buildings, central office equipment, station equipment, exchange lines, toll lines and general equipment.

The company stated in its brief and its officers said in their evidence that it requires this capital expansion in order to instal during the next five years an additional 455,000 telephones. According to the experience of the company in the last two and a half years, which I submit is a recent period, the cost of each telephone to be installed is $317.60. On that experience the capital expenditure required in the next five years for 455,000 telephones would be $144,508,000. When the officer of the company who seemed to be giving evidence on technical matters was questioned on this he said that $317.60 was too low, that it would be around $500, and later on he increased the amount to $550. According to the answers he gave to me, I suggest that this was a pure estimate, which seems to me to be too high in the light of the company's recent experience which showed that a telephone cost $317.60.

Even assuming the cost to be $500, during the next five years the company would expend $227,500,000 in order to instal 455,000 telephones, not the $350,000,000 it is asking for. It was stated in the brief of the company that it still has $13,000,000 of treasury stock from the $150,000,000 which is authorized at the present time. Deducting that amount from the $227,500,000 shows that the company would need only $214,500,000 of capital during the next five years in order to make the proposed expansion.

According to the evidence and according to the brief, it is indicated that not all the money which the company will require will be raised through the issue of capital stock. The evidence and the brief show that a substantial portion of it, about one-half, is expected to be obtained, and I quote:

> . . . through borrowings and other available resources of the company such as depreciation credits which will be used and invested in the plant to be constructed.

[Mr. Jaenicke.]

Therefore, according to that plan, the company would need to raise by sale of shares only one-half of the $214,500,000, namely, $107,250,000.

It would seem to me that an increase in capital of $150 million would amply meet the needs of the company for the next five years. I suggest, Mr. Chairman, that the company has not discharged the burden of proof that it needs this $500 million; that is to say, an extra $350 million, and I think we would be remiss in our duty if we were to grant an increase of $350 million on such flimsy evidence as we had in the committee.

Mr. CHURCH: I wish to speak for five or six minutes on this bill respecting the Bell Telephone Company of Canada. I wanted to speak before the amendment was moved. I wish to point out that I am not a socialist in the ordinary sense. Four or five years ago when the Postmaster General's estimates were up I urged that we should follow the practice in England where the telephone is a branch of the Post Office Department, because our rates were very high. In my opinion a residence telephone should not cost more than $15 or $20 and a business telephone in the neighbourhood of $45.

We had an investigation of railway, express, and telephone companies conducted by the Drayton-Acworth commission some years ago. Sir Henry Drayton was the chairman, Mr. Acworth was a British engineer, and the other member of the commission was Mr. A. H. Smith, president of the New York Central. What did they report? They reported that any application for an increase in capitalization should first be reported on by the board of railway commissioners, now the board of transport commissioners. I believe that such a report should have been obtained in this case, and that is my first objection to this bill.

The stock of this company is quoted today at 162¼. If the company gets the increase in capitalization I believe that the stock will immediately go to about 200. The company cannot pay dividends of eight per cent on that high capitalization, without an immediate rate increase. I am opposed to over-capitalization of these companies. We had the same arguments presented when the cheap light and power movement started in Ontario, and there were the same attacks on public men, but cheap light and power was a boon not only to the urban centres but also to the rural communities in this province.

Over-capitalization immediately means an increase in rates, and if this increase goes through, telephone service will cost three times as much as it should. The telephone is a pub-

lic utility. I have no mandate from the people I represent to vote for this increase and create a monopoly. Monopolies are flourishing like a green bay tree in this country at the present time, and there is no one to stop them. Monopolies started about the time of Queen Elizabeth. She gave the sole right to trade in certain commodities to a few people, and that principle has been extended in modern times, so that many groups of persons and corporations enjoying a monopoly have the power to enhance prices in conformity with their own purposes.

It is for the railway commission to find out whether there is need for competition in the telephone field. I say yes, and competition should be welcomed by the people of our province. Are we getting telephone service at cost now? No. The people in Britain do, through the British post office department.

In Cochrane the cost of power went to $60 per horsepower.

The DEPUTY CHAIRMAN: I would ask the hon. member to confine his remarks to clause 1 and the amendment before the committee.

Mr. CHURCH: This bill is all about telephones, Mr. Chairman, and I want to show the cause and effect of no regulation of these companies.

The DEPUTY CHAIRMAN: There is an amendment before the chair that subsection 1 of section 1 be amended by striking out the word "five" which appears in line 20 and substituting therefor the word "three."

Mr. CHURCH: I am going to support the amendment, Mr. Chairman. I have no mandate from the people of the province of Ontario or from my constituents to continue a monopoly of half a billion dollars. There is practically no regulation of this company. Why did it go to another place with this bill, where the fee is only $200 as compared with $500 in this chamber? I do not know whether the house understands that. The Bell Telephone company is a good company, well conducted, and I would like to see it get all the capital it needs to meet its capital requirements for the next ten or twenty years, but I think an increase in the capitalization of 100 per cent, bringing it to $300 million, would be ample for many years to come.

It took almost a motion in the house to try to get a stenographic report of the proceedings in the other place with respect to this bill. I am not blaming the company or the mover of the bill for that, because I think the mover of the bill wanted us to have the report Why should we not know all the ins and outs of this application? If we had had a stenographic report of the proceedings in the other place it would have saved five or six nights of discussion in this house.

I do not believe that we should support this bill and create a monopoly by raising the capitalization to half a billion dollars. One clause of the bill gives the board of transport commissioners jurisdiction to say what the amount shall be, but you have to be a shareholder before you can get the board to deal with that matter.

In the mother country they are having the very same discussions. The party which is called Conservative over there wanted to refer allegations about monopolies to an independent commission. We have a regulatory commission in this country, but they do not regulate. In Great Britain they rejected the United States idea of controlling monopolies by charging them with "restraint of trade" under the provisions of their anti-trust legislation, which can be enforced in the law courts. In the United States they have the interstate commerce commission over there and it is a very long and expensive proceeding. The result is these monopolies, cartels and things are international. They have entered this country, as hon. members know.

As I see it, it is the function and duty of the board of transport commissioners to find out the facts about this particular company. Do they need half a billion dollars, or will an increase of $300 million or $150 million tide them over for the next ten or fifteen years? I say yes, I believe it will. I suggest that the board of transport commissioners should find out the following facts about this particular company. If it is a monopoly, is it harmful, and why? If it is, what should be done about it? In dealing with this application I believe that the House of Commons would like the board of transport commissioners to consider that fact. Second, it is satisfactory up to half a billion dollars, or would $300 million do for ten or fifteen years? If not, what improvements or suggestions would the board of transport commissioners demand of this company? Is the telephone a monopoly? Will it have to pay dividends on half a billion dollars, or on $300 million? I believe they should find out these things in connection with this particular bill. If this bill is harmful, if it is harmful to give half a billion dollars to this company, what steps should the board of transport commissioners take to remedy the situation? They should find out whether a monopoly exists in the province. If it does, is it harmful to the public of our province and to the province of Quebec? These are a few

things that I think the board of transport commissioners should examine and find out.

They talk about 100,000 customers wanting telephones. Who is to blame for it? If I did not have a telephone and could not get one I could apply to the board of transport commissioners, and they would immediately, of their own volition, send an inspector around and have a proper inspection made of the application. The public do not even know that, but it could be done. I wish to say this. I stand firm on the ground that the state exists for the individual, not the individual for the state; that state interference with the full liberty of the subject is an evil thing *per se*, the encroachments of which should be most searchingly scrutinized and resisted; that no government department, except where it enjoys a monopoly, can conduct a business at a profit; that the prosperity of the nation rests on the enterprise and ability of individuals in free association to conduct their affairs with a minimum of regulation and interference; that capital and labour are partners and not enemies, indispensable to one another; that bureaucracy is the enemy of them both and will ruin them morally and financially if they do not restrict its inordinate increase; and, finally, that what I seek is the welfare of the whole community, and no sectional or class advantage.

I believe that is the doctrine which would be acceptable to the people. I appreciate the fact that this company and its officers may have given good satisfaction. I believe they are asking over-capitalization in regard to a utility which belongs to our province.

I have always been in favour of the public ownership of the telephone. I proposed that many years ago in connection with post office. I called attention to what the post office in Britain was doing as compared with our post office, which has not made any improvements since confederation except in regard to the mail and all that kind of thing.

The DEPUTY CHAIRMAN: Order.

Mr. CHURCH: I believe the time has come—

The DEPUTY CHAIRMAN: This has nothing to do with the post office.

Mr. CHURCH: That is correct. I was just pointing out that I tried to get the post office to take this over years ago. I think that is about all I wish to say. I want to say one thing about television. The government has not laid down any policy—

The DEPUTY CHAIRMAN: Order.

[Mr. Church.]

Mr. CHURCH: That is included in clause 5 of the bill.

The DEPUTY CHAIRMAN: Order. We are dealing with the amendment.

Mr. CHURCH: I am opposed to the policy of giving—

The DEPUTY CHAIRMAN: Order. We are dealing with clause 1 of the bill. What is before the committee is an amendment.

Mr. CHURCH: That is about all I have to say on this amendment. I am opposed to the giving of any monopoly for the reasons I have given. I believe a monopoly exists, and we have no mandate from the people to increase that monopoly. The people would have taken action in 1945 to prevent us going as far as the bill provides.

Amendment negatived; yeas, 24, nays, 47.

Section agreed to.

Section 2 agreed to.

On section 3—Par value of shares may be changed from $100 to $25.

Mr. IRVINE: I desire to move, seconded by the hon. member for Swift Current:

That section 3 be deleted and that section 4 become section 3.

I do not think it is necessary for me to spend any time saying what I am moving this amendment for. I have already objected to this bill, and in particular I have tried to explain to the committee the viciousness of this kind of legislation. All I want now is that the committee should be asked to vote on this amendment.

The DEPUTY CHAIRMAN: Order. I want to point out to the hon. member that it is not necessary to move that a section be deleted. If the section does not carry it is out, anyway. No amendment is required to delete a section. You may vote against the section.

Mr. IRVINE: By moving the amendment, Mr. Chairman, I have given point to what I wanted to say. You are perfectly right, of course, in saying that all we have to do is to defeat the section. This gives me the opportunity of asking the committee to defeat this section.

The DEPUTY CHAIRMAN: Shall section 3 carry?

Some hon. MEMBERS: No.

Mr. IRVINE: Before you put the question—

Some hon. MEMBERS: It is put.

Section agreed to: yeas, 47; nays, 23.

On section 4—Transmission by will or intestacy.

The DEPUTY CHAIRMAN: Shall clause 4 carry?

Mr. JAENICKE: I have no amendment to offer, but in such sections a provision is usually made that succession duties be paid before the shares are transferred.

Mr. HACKETT: That is the law.

Mr. JAENICKE: But we are passing a special act that they shall be transferred upon submission of letters of probate.

Mr. RINFRET: It does not override the general law.

Section agreed to.

Sections 5 and 6 agreed to.

The DEPUTY CHAIRMAN: Shall the preamble carry?

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: On division.

Preamble agreed to on division.

The DEPUTY CHAIRMAN: Shall the title carry?

Some hon. MEMBERS: Carried.

Title agreed to.

The DEPUTY CHAIRMAN: Shall I report the bill?

Some hon. MEMBERS: Carried.

Bill reported.

RUTHENIAN CATHOLIC MISSION

The house in committee on Bill No. 50, respecting the Ruthenian Catholic Mission of the Order of Saint Basil the Great in Canada —Mr. Hlynka—Mr. Golding in the chair.

On section 1—Name change.

The DEPUTY CHAIRMAN: Shall the section carry?

Section agreed to.

The DEPUTY CHAIRMAN: Shall I report the bill?

Some hon. MEMBERS: Carried.

Bill reported.

CANADIAN VETERINARY MEDICAL ASSOCIATION

The house in committee on Bill No. 150, to incorporate the Canadian Veterinary Medical Association—Mr. Charlton—Mr. Golding in the chair.

On section 1—Incorporation.

The DEPUTY CHAIRMAN: Shall section 1 carry?

Section agreed to.

Sections 2 to 9 inclusive agreed to.

The DEPUTY CHAIRMAN: Shall I report the bill?

Some hon. MEMBERS: Carried.

Bill reported.

CANADIAN ASSOCIATION OF OPTOMETRISTS

The house in committtee on Bill No. 174, to incorporate the Canadian Association of Optometrists—Mr. Cote (Verdun)—Mr. Golding in the chair.

On section 1—Incorporation.

The DEPUTY CHAIRMAN: Shall the section carry?

Section agreed to.

Sections 2 to 14 inclusive agreed to.

The DEPUTY CHAIRMAN: Shall I report the bill?

Some hon. MEMBERS: Carried.

Bill reported.

CANADIAN MARCONI COMPANY

The house in committee on Bill No. 205, respecting Canadian Marconi Company—Mr. Whitman—Mr. Golding in the chair.

On section 1—Power to sell or dispose of assets, etc.

The DEPUTY CHAIRMAN: Shall section 1 carry?

Some hon. MEMBERS: Explain.

Some hon. MEMBERS: Carried.

Section agreed to.

The DEPUTY CHAIRMAN: Shall the preamble carry?

Some hon. MEMBERS: Carried.

Preamble agreed to.

The DEPUTY CHAIRMAN: Shall the title carry?

Some hon. MEMBERS: Carried.

Title agreed to.

The DEPUTY CHAIRMAN: Shall I report the bill?

Some hon. MEMBERS: Carried.

Bill reported.

NATIONAL INSURANCE COMPANY

The house in committee on Bill No. 151, to incorporate the National Insurance Company—Mr. Rinfret—Mr. Golding in the chair.

On section 1—Incorporation.

The DEPUTY CHAIRMAN: Shall the section carry?

Some hon. MEMBERS: No.

Mr. BENTLEY: What about order No. 26 and order No. 27?

Mr. ROSS (St. Paul's): As has been said, Mr. Chairman, this question of having a National Insurance Company incorporated by this bill is a matter to be carefully considered. I do not think it is right at all. There is one National Insurance Company in Canada now. It is all very well to say that there will be no confusion, but suppose something did happen to this new company which is being incorporated and it did not get on very well; that would reflect immediately upon the National Insurance Company we have now. It may be said that one is insurance and the other assurance. I suggest to the hon. member who is piloting the bill through that if there were included in the name the word "accident" or the word "general" it might be different. There is a General Insurance Company of England, for instance. I do not think it is right for a foreign company to come into Canada and take the name here proposed.

Mr. BENTLEY: On a point of order, Mr. Chairman, why did you jump from No. 25 to No. 84 on the order paper, instead of dealing with No. 26 and No. 27?

The DEPUTY CHAIRMAN: Some of these bills are second readings and these are in committee. The hour for private bills having expired, I will now report to the Speaker.

An hon. MEMBER: It is not nine yet.

Some hon. MEMBERS: Yes.

Progress reported.

The Deputy Chairman having reported to Mr. Speaker:

Mr. SPEAKER: Mr. Golding, from committee of the whole, reports that they have considered certain private bills and directed him to report the same and ask leave to sit again, and to report progress on Bill No. 151. When shall the report be received?

Some hon. MEMBERS: Now.

Mr. SPEAKER: When shall the said bills be read the third time?

[The Deputy Chairman.]

Mr. COLDWELL: What bill is this?

Mr. SPEAKER: I will call one bill at a time.

Mr. COLDWELL: Name it.

Mr. SPEAKER: Mr. Rinfret moves, seconded by Mr. Brown, that Bill No. 8, intituled "An act respecting the Bell Telephone Company of Canada", be read the third time. When shall the said bill be read the third time?

Mr. COLDWELL: Next sitting of the house.

Mr. SPEAKER: There is no amendment. Adopted.

Mr. COLDWELL: No, next sitting.

Mr. RINFRET: Now.

Mr. SPEAKER: I must call attention to the fact that the practice is that when there is not an amendment the bill is usually read the third time at the same sitting. Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: No.

Mr. COLDWELL: Mr. Speaker, I submit—

Mr. SPEAKER: Bill No. 8 will be read the third time at the next sitting of the house. Bill No. 205. When shall the said bill be read the third time?

Mr. MacINNIS: I call attention to the fact that the hour for private bills has expired. It is after nine o'clock.

Mr. SPEAKER: It is the practice to ask the house to proceed with third reading even after nine o'clock. It is the privilege of the house to say "next sitting".

Mr. MacINNIS: The house has already said "next sitting".

Mr. SPEAKER: When shall the said bill be read the third time?

Mr. COLDWELL: Next sitting of the house.

Mr. SPEAKER: Bill No. 50, respecting the Ruthenian Catholic Mission of the Order of Saint Basil the Great in Canada. When shall the said bill be read the third time?

Some hon. MEMBERS: Next sitting.

Mr. SPEAKER: Mr. Hlynka moves that the bill be read the third time. Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: Carried.

Mr. SPEAKER: Mr. Hlynka moves that the said bill be passed and that the title be

as on the order paper. Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: Carried.

Mr. SPEAKER: Adopté. Carried.

Motion agreed to and bill read the third time.

Mr. SPEAKER: Bill No. 150, to incorporate the Canadian Veterinary Medical Association. When shall the said bill be read the third time?

Some hon. MEMBERS: Carried.

Motion agreed to and bill read the third time.

Mr. SPEAKER: Mr. Charlton moves that the said bill do now pass and that the title be as on the order paper.

Mr. CRUICKSHANK: On a point of order, Mr. Speaker, am I to understand that in connection with margarine, for example, you can take public bills after nine o'clock?

Motion agreed to.

Mr. SPEAKER: Bill No. 174, to incorporate the Canadian Association of Optometrists. When shall the said bill be read the third time?

Some hon. MEMBERS: Carried.

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

Mr. SPEAKER: The hour for public and private bills having expired, the house will revert to the business under consideration prior to six o'clock.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF AGRICULTURE

Science service—

5. Science service administration, $168,374.

Mr. GARDINER: Before the dinner recess the hon. member for Mackenzie was asking some questions with regard to the professional classes, particularly the scientists, in the Department of Agriculture. I presume the hon. member had in mind the science services all the way through the department rather than just those in the science branch itself. I should like to make a general statement as to the position, and then, if there are any questions to be asked with regard to the experimental farms or otherwise, they can be dealt with as we come to the particular items.

The general salary adjustments for the Department of Agriculture have been completed. Individual cases which could not be handled in the general revision, and some anomalies arising out of the revision, are now being adjusted as individual cases. In the professional classes the increases varied from $300 to $600 per annum, depending upon revisions which had been made during the previous two years. In other words, we started making these revisions in 1945. In some cases revisions had been made previously and in other cases they had not, so that there is a variation between $300 and $600, depending upon whether revisions had been made on a prior occasion.

During the time the general revision has been in progress the reclassification of individuals who have assumed increased responsibilities has continued, and consequently many employees have had their salaries increased by from $480 to $900 over the 1945 levels, by a combination of the general revision and a specific reclassification. Practically all the professional employees of the department have now benefited, and individual cases are being dealt with as I indicated a few moments ago.

Item agreed to.

Science service—

9. Agricultural chemistry, $312,525.

Mr. McCUAIG: Might I ask just what agricultural chemistry covers?

Mr. GARDINER: This particular item covers general service for all the divisions of the department, and specific cases having to do with soil surveys.

Item agreed to.

Science service—

11. Forest entomology, $887,693.

Mr. CHARLTON: I see the amount of this vote has been reduced by $81,000. I have looked over the estimates of the Department of Mines and Resources, however, and I should like to know if it would be correct to assume that some of the work which has been carried on by the forest entomology division has now been taken over by the mines and resources forestry branch?

Mr. GARDINER: The decrease results from the fact that further funds are not required for the construction of the plant at Sault Ste. Marie. The vote last year exceeded the amount required.

Mr. HAZEN: I wonder if under this item the minister is in a position to say what is happening to the pine trees of this country Many of them appear to be turning brown. Does his department have anything to do with that?

Mr. GARDINER: The main difficulty is a disease known as white pine blister rust, which has been affecting the trees. A study is being made in an attempt to combat it.

Mr. HAZEN: Will the trees die in time if the condition is not remedied?

Mr. GARDINER: Yes, it will kill the trees eventually. I am not in a position to say just how long it will take, because the period varies in different places and under different conditions. If the ravages are not halted, it will kill the trees eventually.

Mr. HAZEN: Has it increased very much in the last year or two in this part of the dominion?

Mr. GARDINER: I am informed that there has been no marked increase, that it has been moving along at about the same rate for a considerable period of time.

Mr. HAZEN: Are any steps being taken to control it?

Mr. GARDINER: No specific way of controlling or stopping it has been developed, though continuous study and attempts to control it are being carried on.

Mr. MENARY: The spruce trees in my district are going in the same way. Would it be the same disease?

Mr. GARDINER: The difficulty there is the spruce budworm, and an attempt is being made to control that with parasites which destroy the insect.

Item agreed to.

Experimental farms service—

13. Experimental farms service administration, $100,475.

Mr. NICHOLSON: Would the minister allow either item 13, 14 or 15 to stand. The hon. member for Qu'Appelle had some problems to bring up, and one of the items might be allowed to stand for half an hour or so.

Mr. GARDINER: I brought in the director of the division on purpose to take these items tonight, but if it is important I could let one item stand when we reach it.

Mr. NICHOLSON: If the minister would agree to that I would appreciate it very much.

Mr. CHARLTON: I should like to ask what has been done to control the blue mould which is now affecting tobacco plants in southern and western Ontario.

Mr. GARDINER: We have already passed that item, under plant pathology.

[Mr. Hazen.]

Mr. CHARLTON: I thought it would come under the experimental farms.

Mr. GARDINER: Downy mildew or blue mould on tobacco was observed in southwestern Ontario in 1943. This was the first record for Canada. It was absent in 1944, but recurred in epidemic proportions in 1945. Thorough and quick action in getting the growers to treat their seed beds with P.D.B.—I shall not attempt to pronounce the name for which those initials stand—saved the crop. There is strong circumstantial evidence that the spores and fungus were wind-borne across lake Erie from tobacco beds or fields farther south. That is the information available.

Mr. CHARLTON: Is P.D.B. a cure for the disease if the soil is treated?

Mr. GARDINER: Yes, I understand it is.

Mr. CHARLTON: An absolute cure?

Mr. GARDINER: Provided that it is used at the proper time and efficiently applied, it is a complete cure.

Mr. CHARLTON: Has that information been conveyed to the tobacco growers? Apparently many of them are not using it.

Mr. GARDINER: The information has been conveyed to them, and it has been used widely. I do not know whether everyone is using it.

Mr. KNIGHT: What is the present function of the experimental farm at Saskatoon? What particular branch of experiments is it carrying out? I understand that in the past it has been used largely in the development of young trees to be sent out to farmers in the vicinity.

Mr. GARDINER: The chief activities in connection with experimental work at Saskatoon are carried on at the university. The farm there is a provincial farm. We have a forestry farm.

Mr. KNIGHT: I was referring to the forestry farm.

Mr. GARDINER: But there is some work being carried on at the agricultural college in connection with crops other than forestry crops. All the forage crop work is done at that plant, and the soils work.

Mr. KNIGHT: I was wondering to what extent the forestry farm was justifying its name. To what extent are young trees grown there? Are they sent out to different farms in the district? As a matter of fact I should like to say a word for that forestry farm, because I

believe it is worth all that is being spent on it, simply through the amount of pleasure given to people who go out there to visit. On Sunday afternoons great numbers of people find it a place for pleasant recreation. I would pay tribute to the manner in which the flowerbeds and the like are kept. I was wondering, however, to what extent young trees are being developed and sent out into northern Saskatchewan.

Mr. GARDINER: They are going out from there at the rate of about a couple of million a year. Deciduous trees are produced at Saskatoon and coniferous trees, in so far as they are produced, are produced at Indian Head. The trees are distributed from both those farms throughout all western Canada, as a matter of fact, wherever they are required. They are going out in the numbers I indicated a moment ago.

Mr. ZAPLITNY: The minister will recall that sometime ago the board of trade of Dauphin made certain representations to his department in connection with an experimental farm which they thought would be most desirable in the Dauphin area. If I remember the correspondence correctly, the reply was that at this time it was not thought advisable to establish an experimental farm in that area.

Last year, I believe it was, when the estimates of the minister were up for consideration, the minister made a statement to the effect that in his opinion it would be a desirable project in that part of Manitoba. I would draw to his attention that we have no experimental farm in that large agricultural section of the province, and I would hope that the minister has not closed the door on the idea that perhaps in the future he would consider setting up an experimental farm at Dauphin or in that district.

Mr. GARDINER: There is no experimental farm there, and there is no provision in these estimates for putting one there. I am not in a position to say that we are likely to do so in the near future. However, some fine work is being done there by Mr. Parker. I was up there last summer and visited the experimental plots he is operating, and I believe it is among the best work being done in western Canada. I believe he is strongly of the opinion that good service could be rendered there by an experimental station somewhat larger than that which is there now. However, no provision is made for that in these estimates, to enlarge upon what is being done.

Item agreed to.

Experimental farms service—

14. Central experimental farm, $1,354,441.

Mr. ROSS (Souris): What is the reason for this increase? Would the minister tell the committee what has been done in the development of a rust-resistant barley?

Mr. GARDINER: The question which was asked just before the dinner recess, and which I answered just after the committee resumed this evening, gives the reason for a considerable portion of this increase. Many of the scientific and professional men spoken of are associated with the central experimental farm. A very considerable part of this increase is due to an increase in wages and salaries. Some of it, too, is due to studies being made, such as that just mentioned. Barley studies are being carried on here and also at Brandon and Winnipeg.

Mr. ROSS (Souris): What are the types which are standing up best and which are recommended as rust-resistant? Are they malting types?

Mr. GARDINER: I am not in a position to give the names at the present time; but there is one malting variety and one good feed variety, both of which have been successfully developed. They are about ready for distribution.

Mr. CHARLTON: I understood the minister to say most of this increase was due to increased salaries. I find, however, that that accounts for only $57,000.

Mr. GARDINER: I said a very considerable part of it.

Mr. CHARLTON: That is only a small part of $177,000. I think the minister will find that the rest of it was taken up in the acquisition of buildings and structures. Where is that being done?

Mr. GARDINER: I find that $46,000 of it is on land; then there is the figure just given with regard to wages, and the remainder is for equipment.

Mr. CARDIFF: Has there been an increase in staff?

Mr. GARDINER: The information will be found at page 93 of the estimates. According to the details on page 93, the number at the central experimental farm was 118 last year, whereas next year it will be 113, being down five.

Mr. CHARLTON: Where was this land bought?

Mr. GARDINER: The land has not been bought; we have to get the money before we can buy it.

Mr. CHARLTON: Where is it intended to buy the land?

Mr. GARDINER: Right alongside the central farm.

Mr. NICHOLSON: I am sure all hon. members are glad that this item is being increased. I feel that Canadians generally are proud of the work which has been done by the director of the experimental farms service and the personnel under his supervision. This applies to the work done both in Canada and in the international field. Could the minister make some statement with regard to the progress being made in connection with the artificial insemination of horses?

Mr. GARDINER: There has been very little success experienced in connection with that. Experiments have been carried on at Brandon and here but without any great success.

Mr. NICHOLSON: What progress has been made in connection with Garry oats?

Mr. GARDINER: It is being multiplied rapidly and there has been considerable distribution both east and west.

Mr. CHARLTON: Is that not one of the varieties susceptible to this supposedly new disease of root rot? What has been done at the experimental farms to develop an oat resistant to that disease?

Mr. GARDINER: It is resistant to both leaf rust and stem rust, but there is nothing to indicate that it is particularly susceptible to root rot or any disease of that kind.

Mr. CHARLTON: It has been stated all across Canada that Garry was one of the varieties susceptible to this disease, and there should be some information from the experimental farms about this.

Mr. GARDINER: The gentleman who is responsible for the experimental farms has the opposite opinion and that is the only opinion I can give.

Mr. QUELCH: What supplies of Saunders wheat will be available in the near future? I understand that red bobs wheat has been graded down to No. 3. As the minister knows, red bobs is grown largely in Alberta and it has been suggested that Saunders wheat will largely take its place.

Mr. GARDINER: It is being multiplied rapidly and distribution is being made in the northwestern section from Scott and Beaverlodge and Lacombe.

Mr. QUELCH: It stands up very well?

Mr. GARDINER: Yes.

[Mr. Gardiner.]

Mr. FAIR: What is the reason for red bobs being dropped in grade from 1 to 3?

Mr. GARDINER: As hon. members know, wheats along with other cereals are sown on plots over a considerable part of western Canada and examined from year to year. This work is carried on under Doctor Newman. As a result of these experiments, it was found that red bobs wheat was not up to the general mark that has been made by Marquis wheat, and it has finally been displaced by Saunders, which is a good quality.

Mr. QUELCH: Would it be possible to delay the time when red bobs is to be declared No. 3 until ample supplies of Saunders are available? I understand that it is to be graded 3 next year. Would it be possible to put it off until 1950? There will not be sufficient supplies of Saunders wheat available until 1950.

Mr. GARDINER: That is not something that we can control. Grading is done under the board of grain commissioners which operates under the Department of Trade and Commerce. There is a special committee which meets every year and advises with regard to that matter. It would be better to bring the matter up on the estimates of the Minister of Trade and Commerce.

Mr. NICHOLSON: I understand that some experimental work has been done in connection with the use of hay balers. Can the minister indicate what success if any has been achieved in the use of hay balers during the ordinary haying season in different parts of Canada?

Mr. GARDINER: Hay balers have always been used generally right across Canada and I do not know that anything special has been discovered recently with regard to them. It is simply a matter of having the hay in proper condition when it is baled. If it is baled under proper conditions the bales will stand up quite well, but if there is any dampness in it they will not stand up. I do not know that there is anything new with regard to balers.

Mr. McCUAIG: What development has taken place in connection with winter wheat varieties, and I am referring to western Canada particularly?

Mr. GARDINER: There has been winter wheat grown in Alberta and some on the western side of Saskatchewan. From information we have here there are varieties which are not yet named but which give some promise. They are not ready for distribution and there is nothing more I can say about them

at the moment. As is generally known, these are put through severe tests before any effort is made to multiply them and put them out, and those tests are still being made.

Mr. McCUAIG: I understand that yobo has been grown for the last two years and that there is quite an acreage up in the southwest corner. Will that be the name of the new variety?

Mr. GARDINER: I do not know which variety they are using there, but I assume it is the variety that has been used generally through southern Alberta for some time.

Mr. NICHOLSON: Could the minister state what experimental work has been done in the production of vegetable oils? I see the hon. member for Fraser Valley is behind the curtains. I believe success has been experienced around Moose Jaw in growing rapeseed.

Mr. GARDINER: The seed most generally used for oil purposes in Saskatchewan and the west is rapeseed. Some work was done with sunflowers but sunflowers worked out more successfully in sections of Manitoba than in any other parts of the west. Then there are soya beans which do very well in the southwestern part of Ontario. We have not yet been able to develop a soya bean which will produce in the shorter seasons of the areas east and west of that. One great difficulty with the soya bean is frost, which in the spring affects the plant itself, and in the fall affects the oil-bearing qualities of the bean. So it is necessary to develop a different variety of soya bean from any we have yet, to make it possible to produce it successfully across Canada. There is one seed from which oil has been taken over a long period of time, and that is flaxseed, which is grown all over western Canada and in eastern Canada too.

Mr. CHARLTON: I am sorry if I am dwelling too long on root rot. The minister has just said that Garry oats was not susceptible to this rot. Vicland and Beacon were two varieties that were particularly subject to this disease last year. We have had reports from officials on the seriousness of this disease and on the steps taken to protect farmers across the country against it. Work is also being done on a new variety which it is hoped would be resistant to this disease. I should like to get some information on that.

Mr. GARDINER: There are three commonly recognized root rot diseases, the common root rot, browning root rot, and take-all. The common root rot pathogens may attack the plant at all stages of growth, causing seedling blight, leaf spotting, head blight and kernel smudge. The losses from these diseases are extensive during certain years in the prairie provinces, but their occurrence and the extent of their damage are so dependent on environmental conditions that it varies considerably.

To secure more accurate information on the effect of common root rot on the yield of wheat, samples were taken from selected fields in the different soil zones of Manitoba in 1939-41. The average loss was 7·5 per cent in 1939, 16·6 per cent in 1940 and 12·1 per cent in 1941; the greatest loss occurred in the southwestern part of the province.

In a similar study conducted in Saskatchewan in 1941-43, a disease rating was calculated for each field. The mean disease rating was 9·9 per cent in 1941, 6·0 per cent in 1942 and 9·4 per cent in 1943. Although the figures for Saskatchewan are not directly comparable with those for Manitoba, they indicate a seasonal fluctuation in the amount of disease, which is believed due to variations in soil, temperature and moisture.

Mr. CHARLTON: That deals mainly with wheat in the western provinces.

Mr. GARDINER: It was dealing with everything affected by root rot. If my hon. friend has some information I should like him to give it to the committee.

Mr. CHARLTON: I have heard a variety of reports and I do not know which is correct.

Mr. GARDINER: I have given all the information we have, but if my hon. friend has any other information we shall be glad to get it.

Mr. CHARLTON: Could the minister not get the information?

Mr. GARDINER: I am not sure that the information exists. If my hon. friend will put his information on the record I shall have it looked into and see whether it is correct.

Mr. CHARLTON: It is not my position to do that.

Mr. GARDINER: My position is not to give information which does not exist. The information which is in this book is all the information we have, and I cannot give any more.

Mr. CHARLTON: I am sorry to have to refute that statement. There is other information available and I have seen it.

Mr. CRUICKSHANK: May I direct a question to the minister following what the hon. member for Mackenzie has said? My understanding is that it has not yet been

found profitable to grow soya beans and other oil-producing plants in the province of British Columbia due to our high cost of land and high taxes. Am I not correct in that? I do not think it has been found profitable to produce soya beans at any experimental farm in British Columbia. Is that not a fact? I think that is a fair question.

Mr. GARDINER: The answer I gave a few moments ago covered soils in other parts of the country. We have not yet been able to develop a soya bean which can be produced successfully in any part of Canada except the southwestern part of Ontario. I am not saying that we may not be able to develop a soya bean which can be produced profitably in other sections. In the early days we had some difficulties in connection with Red Fife wheat, which would freeze in the fall. We must find a variety of soya bean which will mature in a shorter season than any we have now. I do not know that would be true of British Columbia, but there are some conditions there which make it impossible to grow soya beans of a quality successful for oil production.

Mr. SINCLAIR: What little knowledge I have of farming is derived from the publications of the minister's department. Is it true that the growing of rapeseed and sunflower seed has been an exceedingly lucrative source of income to farmers on the prairies?

Mr. GARDINER: During some of the war years the growing of sunflowers, while I would not say it was very lucrative, paid its way very well, but most of those who went into the growing of sunflowers in Saskatchewan have gone out of it.

Mr. SINCLAIR: I believe many people have left Saskatchewan.

Mr. GARDINER: They have two reasons for that. Rapeseed has done very well in Saskatchewan and is still doing very well, but of course the government has been and still is paying a guaranteed price on rapeseed. I am not sure we have established as a fact that rapeseed can be grown in Canada in competition with, say, the Argentine or some other country. But we are doing all right with it.

Mr. JUTRAS: Is the minister in a position to report on the progress that has been made in the last two years in establishing an illustration station in the immediate vicinity of the Red river valley south of Winnipeg? There is an experimental station not far off at Morden, but the soil in the immediate vicinity of the Red river is of quite a different type from that at Morden, and I think an illustration station on the eastern side would go a long way toward transplanting there the benefits that have been obtained at the Morden experimental station. Is the minister in a position to make a statement on that?

Mr. GARDINER: Mr. Chairman, before leaving the little discussion which we had a few moments ago, and for the benefit of newspaper editors who are writing editorials across Canada rather regularly, I should just like to say that at no time have I ever said, and at no time have I ever been reported as having said, as far as I have seen the press, that oleomargarine is not a good food. As a matter of fact, so far as I know it is just as good a food, from the point of view of food value, as butter. I want to say that because I have read editorials almost daily in which I am quoted as having said something contrary to that. What I always have said is that we do not allow either oleomargarine or butter into this country. Butter comes into this country only under permit, and is presumed to be excluded from every other country, excepting Australia and New Zealand, under a tariff which makes it impossible for it to get in. It has been fourteen cents a pound up to the first of January, and it is twelve cents a pound now. We allow butter to come in under permit only from New Zealand and Australia. I may say that condition was established when my hon. friends on the other side were the government. Since 1931 we have let butter come into this country only under permit. Therefore both butter and oleomargarine are excluded from Canada excepting under very extreme conditions, when butter is allowed in from Australia and New Zealand.

Mr. CARDIFF: That must have been good legislation.

Mr. GARDINER: Well, it was good enough legislation to have been kept on by all governments for some considerable time.

Mr. CARDIFF: Congratulations.

Mr. GARDINER: But that does not say that New Zealand butter is not just as good as Canadian butter, or that Australian butter is not just as good as Canadian butter, and it does not say that oleomargarine is not just as good as any of them. What I am saying is that we do not allow either butter or oleomargarine into this country to compete with our butter. These are facts which one does not need to explain any further.

Mr. CRUICKSHANK: On a point of order, because I am so often called to order myself, may I ask the minister what his remarks have to do with the item under discussion?

Mr. GARDINER: It has exactly just as much to do with it as my hon. friend's question of a few moments ago.

The answer to the question asked a few moments ago in regard to the experimental station in the vicinity of Morden is to this effect, that we have been making soil surveys in order to locate the type of soil which is thought to be necessary to carry out the experiments that we desire to make. It is thought that we have located a suitable place for an experimental station, and when it is established it will be for the purpose of experiments in connection with cereals and forage crops.

Mr. CRUICKSHANK: I should like to ask a question in that connection. In the riding I happen to have the privilege of representing we produce 85 per cent of the small fruits produced in British Columbia, and British Columbia produces approximately 50 per cent of the small fruits produced in Canada. I refer to raspberries and strawberries. We have had an application in for some time for a small experimental station in the central part of the Fraser valley, which would concern itself particularly with diseases affecting raspberries and strawberries. What steps are contemplated or will be taken in that connection? We have an experimental farm in the riding, but it is primarily interested in dairying and stock production. It has very little connection with small fruits. The soil is not similar to that where most of the small fruits are produced. We have asked for an experimental or illustration station in the central part of the valley—we are not particular where—where 50 per cent of the small fruits of Canada are produced. What steps are being taken in that connection?

Mr. GARDINER: I understand that at Mission there is a station operating in connection with berries. Then, there is, of course, the Agassiz farm. The work at Mission is being carried on under the direction of the officials from the Agassiz farm; but if I interpret the hon. member's question correctly he has an idea that there should be another station established somewhere in the vicinity of the area where the airport is.

Mr. CRUICKSHANK: Somewhere near where the berries are produced.

Mr. GARDINER: Some consideration has been given to that. I am not in a position to make any definite statement as to what will be done there, but consideration is being given to the matter.

Mr. CRUICKSHANK: I want to make it clear that I am not in a critical mood on this matter, but the experimental station or the illustration station, I believe they call it, is at Hatzic. It is on a private individual's farm, where apparently, through the Department of Agriculture, we make certain arrangements for the production of small fruits. This is a very large industry. For instance, last year one co-operative alone shipped $1,500,000 worth of small fruits to Britain. It is no small industry which can ship $1,500,000 worth of raspberries and strawberries to Britain alone.

What we are asking for is an illustration station, or if you prefer to call it an experimental farm or station, somewhere in the central part of the valley. We particularly want it in the area where the berries are grown, because if you are to control the diseases, and find out the different varieties of berries that we can produce, the station should obviously be where the soil is capable of producing the maximum crops. We are not asking for a large experimental farm; we are asking for an experimental station. The potato growers of British Columbia asked for the same thing. We in the upper part of the valley are quite agreeable that that station should be placed in the riding of the hon. member for New Westminster, because that is where most of the potatoes of the province of British Columbia are grown. At least, they are grown in the lower part of the province.

We are having a great deal of difficulty with disease, particularly among our raspberries. We realize now that because the British markets are cut off we must either cut our cost of production or increase our production under nominal costs or find other markets for other varieties. One way that could be brought about is by establishing what we call an illustration station somewhere in the vicinity of where the maximum production takes place. I would strongly urge upon the minister that consideration be given to establishing one. It would entail very small cost because, as I said before, one co-operative alone shipped $1,500,000 worth of small fruits to Great Britain. That is no small amount, and it is only part of our production.

Mr. GARDINER: I might answer this question before we go on to something else. I was in Vancouver the day before yesterday, and the berry growers, to whom reference has been made, interviewed me there with regard to this matter and other matters having to do with the marketing of their berry crops. All I can

say to the hon. member is that we realize that there is a necessity for carrying on experimental work there on a larger scale than we are now carrying it on. Consideration will be given to the representations which he has made.

Mr. SHAW: It is my understanding that two experimental stations were to be established in Alberta to operate in conjunction with the Lacombe experimental farm. I also understand that these stations were to give special consideration to the study of the wooded grey soils found in the foothill territories of Alberta. Have these two stations been established? If so, where?

Mr. GARDINER: I understand that there are stations established between Lacombe and the mountain area. I am not able to give the exact location of them. At these two stations they are proceeding to make a study of the soils.

Mr. McLURE: Under this item I should like to ask the minister whether the experimental fur farm at Summerside comes under this vote, or under some other? If it does, I should like to have some information with regard to the progress of that farm and the amount of stock there.

Mr. GARDINER: It does come under this vote, yes.

Mr. McLURE: May I have some information with regard to the cost of this farm? What is it doing? There is no report on it.

Mr. GARDINER: The work is educational, carried on in connection with nutrition and genetics in different types of foxes.

Mr. SINCLAIR: In view of the observations of the hon. member for Fraser Valley about being in order, I think I shall be in order in asking the minister whether any thought has been given to establishing an experimental farm or illustration station to study the development of oil crops in this country, having regard to the great public interest in certain phases of that matter. Having got into order, I wish to thank him for the clear statement he made on the butter and margarine situation, in which he said that margarine was by no means an inferior food, and he gave reasons why he was opposed to the introduction of foreign butter or margarine. I see he is much in favour of the manufacture of butter within the country, so that I am sure the committee would be interested to know what his attitude is to the manufacture of margarine in Canada.

[Mr. Gardiner.]

Mr. GARDINER: I do not think this is the item under which that should be considered. The desire is to have this item stand, and go on.

Mr. BARRETT: It has been suggested to me that it would be of benefit to some of the tobacco growers if a short course were given in the grading of tobacco. It is an intricate process. There are thirty odd grades and subgrades of tobacco, and, when buyers go into the field to buy, some of the farmers and growers are more or less at a disadvantage because they are not thoroughly familiar with the different grades. As I say, it has been suggested that a short course of a week or two would be beneficial. Has the department had any suggestions of that kind, or would it be possible for the substation at Delhi to carry out that work?

Mr. GARDINER: I understand that there is an arrangement between the companies concerned and the government whereby the department gives assistance to schools which are conducted by the companies, and assistance is also given by the companies. At any rate they have representation in similar schools in connection with production, these being conducted by governmental authorities. In other words, there is a co-operative arrangement to assist graders of tobacco, but I presume what the hon. member advocates is a government school apart from those.

Mr. BARRETT: I was not suggesting that instruction be given to the graders, but that the growers themselves should be instructed so that they may be familiar with their own grades of tobacco when the company graders come.

Mr. GARDINER: I understand that the province puts on short courses which the producers attend, but we have no part in those. I suppose that would be extension work from Guelph college.

Mr. BARRETT: I did not know there was any.

Mr. MATTHEWS (Kootenay East): Arising out of the answer given to the hon. member for Fraser Valley, I should like to know whether the illustration station spoken of as likely to be established in the Fraser valley will be expected to deal with the whole province of British Columbia. Will it take care of the needs of the Okanagan valley and the Creston valley area, for instance?

Mr. GARDINER: We have twenty illustration stations in British Columbia, and in the Okanagan we have the Summerland farm, which is perhaps the most advanced experi-

mental farm we have in Canada dealing with fruits. The station I speak of would be only one out of twenty-one if it were established as another station. We have twenty others spread over the province.

Mr. HLYNKA: Does the department make grants to illustration stations owned by private farmers? There are several in my constituency and it has become difficult for these individual farmers to keep up these orchards or illustration stations. If they were given some assistance I think these stations would serve a useful and beneficial purpose in the communities concerned.

Mr. GARDINER: We have a great many stations of the type referred to where we go on to the farms of fairly successful farmers or men who do not raise objection to people going on their land, being themselves prepared to explain the experiments to those interested. We rent from fifteen acres of land up from these men, and for a small rental they agree to take instruction from our officials as to how to proceed with the plots and with the work done there. They also agree to allow the public to go on the land and see the experimental work which is being done, and in return for that they have the right to sell the crop when it matures and dispose of it for their own good. That is carried on across Canada and there are many of these farms in western Canada.

Mr. HLYNKA: No direct grants are given?

Mr. GARDINER: A rental is given; that is all.

Mr. McIVOR: I think I should say a word with reference to our experimental farm station about twelve miles southwest of Fort William. If all the work the government does, and the money it spends, bring as good results as those obtained on that station, there is no doubt about the future of the government's policy. The experiments in grains and grasses, fruits and vegetables of different types, fertilizer, and all the diseases that attack fruits and vegetables, are excellent. As the minister has said, people are allowed to go on the farm, and there is a big field day. The experiment superintendent is a man who knows his work, and with it he is most courteous and kind.

Item agreed to.

The CHAIRMAN: Item 15 stands.

Production service—

16. Production service administration, $46,089.

Mr. LENNARD: I wish to refer to a matter which perhaps does not come directly under this vote, though it might as well. I refer to the bulletins put out by the department. They are fine bulletins and I know they are in great demand, but in the past several months I have found that many of them are out of print, owing, I presume, to that demand. Is any provision made for augmenting the supply or increasing the production for the coming months? I feel that it is a service which should be extended.

Mr. GARDINER: They are being replenished just as quickly as that can be done. We agree there is some lack of them at the moment, but we are attempting to bring them up to date.

Item agreed to.

Production service—Health of animals—

17. Administration of Animal Contagious Diseases Act, and Meat and Canned Foods Act, $2,611,508.

Mr. CARDIFF: There is an increase of $238,909 in this item, and I see it is mainly accounted for by salaries. I think the county of Huron is fourth in line for a tested area. If this increase does not mean we are to get any more service than we have had in the past, our people will be disappointed. I do not object to these men getting better salaries, but certainly we need better service. Could the minister tell us whether this increase will mean better service, or if it is just an increase in salaries?

Mr. GARDINER: As has been indicated, this increase is largely accounted for by salaries, which will not mean additional staff; but a considerable portion will go to increased staff, and to the extent that this is so, the service will be increased. This year we are taking third year students at the veterinary college at Guelph and sending them out to do much of the work that has to be done under this item. Of course that will involve not only a good deal in the way of payments but also a good deal in the way of expenses.

Mr. CARDIFF: Will that by any chance speed up the service that we were to get in connection with tested areas?

Mr. GARDINER: Yes, that is exactly why it is being done. The idea is to speed up the inspection work being done in connection with T.B. and other work of that kind.

Mr. CARDIFF: If that is the case could the minister give us any idea when our area will be tested? I think we are fourth in line.

Mr. GARDINER: We are hoping to get at it this year.

Mr. MENARY: A farmer in my district has a purebred Hereford herd, and he has lost three of his cattle. Sometimes they break

out in a sweat; they gradually get thinner and thinner until they die. Would the minister have any idea what the disease might be?

Mr. GARDINER: I do not think it would be possible even to make a guess. The proper thing, of course, would be to get the nearest veterinary, either one of our men or someone else, to examine these cattle. I should think it important that they are examined.

Mr. MENARY: Last fall they very kindly sent two men from Ottawa, but they could not tell what the disease was. More recently I have been after them to send another man, but they advised me to get in touch with the experimental farm at Guelph. We have had men from there, too.

Mr. NICHOLSON: Could the minister indicate whether any action is being taken with a view to training a larger number of veterinary surgeons? I understand that there is quite a shortage all across Canada, that not enough are graduating to fill the government service. I believe the governments of Nova Scotia and Saskatchewan—and Manitoba, too, I am informed—are making special grants to students, and I believe the federal government should participate in some such program to train veterinary surgeons, so that it may be possible to meet the problems which are being brought to the department.

Mr. GARDINER: Some 130 will graduate next year. I believe there were about thirty-eight last year; there will be about forty this year, and about 130 or 140 next year. That will give some idea of the increased numbers. Probably that is partly due to the fact that quite a number of men who came back from overseas went to the veterinary college at Guelph and are being trained for that work.

During an earlier stage of the discussion—I have forgotten what we were considering at the time—I made the statement that we were 120 short in our own staff, and I want to get that on *Hansard* correctly now. When I read my remarks on the previous occasion I found that the 120 had become one or two; probably that has something to do with shorthand, but the statement should have been that we were 120 short in our own staff. And of course there is a great shortage throughout the country, so that we are encouraging these men to go into that work. One way of giving encouragement is to employ them as third-year students to go out and do work. This year we are sending out 114 students from Guelph and another group of about fifteen from Quebec. That is being done to give these men assistance during the summer so that they may continue their college courses in the winter, and at the same time gain a great deal of experience in the work they will be required to do later on.

Mr. WINTERS: Last year when this item was before the committee I brought to the attention of the minister the difficulty under which farmers in my constituency are operating because of the lack of veterinarians and the T.B. testing. At that time the minister was good enough to tell me the situation and that he would take my representations into careful consideration. Is he now in a position to say what progress has been made and what we may look forward to in the matter of help in the constituency of Queens-Lunenburg?

Mr. GARDINER: It does not appear that we shall have enough men to get down to that area this year, certainly not in the early part of the season. The position which has developed since the matter was brought up last year is I think, pretty well illustrated by the figures I have given and by our undertaking to students to put them in the field in their third year. That is an encouragement, of course, to some who would find it difficult to get through without that work. It also increases the staffs we have available to carry on the work. The 130 or so who are going out this year will be of great help in strengthening the staffs we have out through the country and making it possible for us to get the work done much more quickly. I am sorry we shall not have sufficient to get down to the hon. member's constituency this year, but we shall be there just as soon as possible.

Mr. WINTERS: Could the minister indicate approximately when he might expect his men to reach that constituency?

Mr. GARDINER: Next year for sure, I am told.

Mr. BLAIR: I am interested in this item because we have had an outbreak of virulent T.B. in my constituency. On this item I have usually spoken of Bang's Disease, or contagious abortion, and that problem still exists. But in the district surrounding my home we have something really worse. One of the finest herds in the district has gone down completely on a T.B. test; and it was an accredited herd. Within the year that herd has been negative. It has always been negative; it has never had any trouble with T.B. This year on a test the whole herd went down, including even this year's calves. Several other herds in the neighbourhood have gone down in the same way. Apparently the infection, whatever it is or wherever it is coming from, is of a most virulent type. Although admittedly men have

been up there and have furnished every assistance they could, apparently they are at a loss to find the cause of the infection.

So far as the manager of the herd is concerned, let me say that the man who owns the herd, and his son, are men who are well trained in the raising of purebred stock. As I said, this is one of the finest herds in the country, a herd which has been responsible for the producing of a Canadian champion.

I went out to see this herd, and what I saw was really pitiful. The owner led me around and said "There is the reserve champion of last year's winter fair." He showed me some heifers. They have not been able to find the cause of infection, and they are doing testing there now.

I was present the other morning when the report on another fine purebred herd was read, and ten purebred cows had gone down. I do not think any ruling has yet been made as to the cause of infection. Let us consider the condition of the first purebred herd. This man's young cattle were sent away to pasture last year on the day they were tested. They were negative at that time. They were brought in early in November, and every one of those had gone down in this year's test.

This would seem to me to be an unusual case, and there must be an unusual cause for the infection in that area. I have tried to find the cause of infection, and I am led to believe that it has occurred either through an interchange of feed bags—and that is a common procedure at the present time on these farms—or it has occurred by the feeding of bone meal. There does not seem to be any other reason for it.

This year's calves by this purebred herd went down. It might be that the cause of infection of the calves was due to feeding, but they have been fed pasteurized skim milk. This is a serious question, because not only am I interested in the matter since it affects these purebred herds in my district which are going down, but I am interested as a physician in the cause of a contagious disease. I say that because bovine tuberculosis is so readily transferable to human beings, particularly to children. In children it cripples, incapacitates and destroys. I would say that a fair percentage of tuberculosis in children is due to bovine tuberculosis.

The other day, Friday last, the Prime Minister brought in a resolution telling what the government intended to do by way of grants for the cure of tuberculosis. But if we are not going to start on this thing at the bottom, and if this is not going to be cleared up, there is no use in talking about the eradication of tuberculosis in human beings. We know the pitiful effects on children who catch the disease, and the crippled joints from which they suffer.

In that district we have a very fine agricultural representative. He has been giving every encouragement to young farmers there by way of calf clubs, and all that sort of thing. I have tried to take interest in these matters. But it is hard to tell those young fellows to raise good stock or to go into the raising of purebred stock when they know that they may be wiped out at any time on account of a disease like this.

I am appealing to the minister for additional help by way of men in that area, so that we may have more than the ordinary T.B. test. In the ordinary T.B. test a few animals in a herd may go down here and there, throughout the area. But this is wiping out herds. We are proud of some of our herds there. These men who have other good herds coming up for tests simply feel that they are sitting on a bomb, knowing that the work of a lifetime may be wiped out.

I am still of the opinion that this is no ordinary disease, because it possesses a virulence which has not been exhibited in any T.B. area before, and I say the department should do experimental work to find the cause of that trouble.

As I said earlier, I believe the matter of feeding bone meal to these animals has had a great deal to do with it, either that or the exchange of feed bags. Above all, I would say to the minister that the farmers should be given an educational program as to how the disease could be avoided. I met the veterinary for that area at one of these herds the other morning, and we were absolutely at a loss to know what the cause of the infection could be.

Mr. GARDINER: The case referred to is a special one. As the hon. member has said, our men have been checking up and doing the best they can to determine the cause. As a matter of fact, we have taken such particular care with it that the director, himself, has been out there and has gone over those herds. Not only that, but he has personally checked the work done by those who have been attempting to determine whether it is ordinary bovine tuberculosis. He is satisfied that it is. It may be a particularly virulent type, but they are satisfied that that is what it is.

Then, as for being able to establish definitely where it has originated, let me say they have not been successful in that up to

the present time. However, it is being treated as a very special case, and the men are right on the work of trying to determine the cause and how to overcome similar happenings in that area or elsewhere. Beyond that, however, they have not been able to go, up to the present time.

Mr. BLAIR: The department has furnished every aid and facility, so far as that is concerned. But I should like to ask the minister if they have considered the possibility of its having originated in this interchange of feed bags, or if they have made investigation into the bone meal products these farmers are feeding?

Mr. GARDINER: They have fairly well satisfied themselves that the disease has not been brought in either through the bone meal or the sacks. As a matter of fact they are inclined to believe it has been brought in by animals which have been brought in from areas which are not inspected. Up to the present time they have not been able to prove that definitely, but that is their opinion.

Mr. BLAIR: In the first herd which went down, one of the finest in the country, there has been no interchange of cattle, so far as that is concerned. And even this year's calves have gone down. We investigated the other morning the possibility of the disease being conveyed to them by skim milk; but the farmers have been feeding pasteurized milk. They have had no new stock in there. This man breeds his own, and has not been buying any; unless the disease was taken in there by drovers; and it would hardly seem possible that a drover using a truck could bring in a disease of that virulence.

Mr. GARDINER: There is nothing more I can add to what I have said, other than this, that it would not be necessary for the animal to come into the herd that suffered most in the end. It may have come into the district by that method. Then again, these animals have been exhibited over a large area, and it is possible that some of them could have picked up the disease and passed it on to the others.

I may say I had some experience with a herd of cattle, myself, at the end of the first war. I had seventeen in that herd, and sixteen out of the seventeen went down. We just had to get rid of them; that is all. I started with the one that was left, and I have not had one go down since. The one left was a calf. One cannot explain how it happens sometimes. I am quite convinced, so far as my case was concerned, that it happened through a cow I had had on the farm for a long time. She began to get thin, but I did not have her checked immediately. I had no particular reason for doing it at that time. However, by the time I got around to checking them, every animal in the herd, with the exception of the one calf, went down. These things can happen anywhere if one is not careful, and I have no doubt that something like that happened to that herd.

Mr. BLAIR: The four other herds which went down had not been exhibited at the winter fair and there did not seem to be any contact between the herds. That is why I feel so disturbed that a disease of such virulence has come into the area.

Mr. GARDINER: We are doing everything we can about it.

Mr. CAMPBELL: Is the T.B. test compulsory anywhere in Canada?

Mr. GARDINER: Areas take a vote by counties or municipalities and when there are two-thirds in favour of it, then it is compulsory. Everyone must have his animals checked. As a matter of fact we check and inspect the animals in the whole district. No one is allowed to bring animals into the district until they are inspected, and persons who have animals in the district are not allowed to have those animals come into contact with others if it can be avoided.

Mr. CAMPBELL: I do not think that is good enough. I have had some experience with bovine tuberculosis and, like the hon. member for Lanark, I think we have to go further and have the testing compulsory right across Canada. I think it is wrong to leave it to a vote whether there will be inspection and testing. We had a case in our district and the first we knew of it was when a little baby took sick. We had a hard job getting the baby to the hospital, but I am not going to tell that story.

The baby died and the medical man who had attended the baby diagnosed the case as bovine tuberculosis. He immediately had a veterinary sent out to the farm and the cow that was milking reacted. When we killed the cow she was absolutely rotten. I would have thought that after that had happened everyone in the district would have been conscious of the danger and been willing to have his herd tested, but even the man who had been supplying the milk to the village refused to have his herd tested.

This matter is so dangerous that we should have a law to compel every farmer to have every animal tested periodically. A man may have his herd tested and found to be free but, like the herd the hon. member for Lanark

spoke of, there may be another herd on the adjoining farm or a little way off. The cattle happen to get in contact with each other or a truck comes in that has been hauling other cattle. There is always the danger of losing the whole herd. In addition, as the hon. member for Lanark said, there is a danger to human beings, especially to children who are so susceptible to this disease. The minister should consider bringing in a measure covering the whole of Canada and making testing compulsory.

Mr. GARDINER: I should like to put on the record what has been done. The following are the percentages of cattle that have been tested:

	Per cent
Prince Edward Island	100
Nova Scotia	92
New Brunswick	100
Quebec	80
Ontario	60
Manitoba	50
Saskatchewan	40
Alberta	12
British Columbia	23

That does not say that any particular area has had everything done for it that it desires to have done. The testing of entire areas was taken on much more readily in the maritime provinces than anywhere else. It is only since I came into the department that Alberta has permitted us to go into the province and check the cattle. You will notice that only twelve per cent of the cattle in Alberta have been covered. That is due to the fact that we have not had sufficient men since that time to do this work. During the thirties, as everyone knows, veterinaries throughout the country were almost starved out of practice because animals were not worth enough to warrant calling a veterinary when they were sick. Many of these men went out of practice and there has been great difficulty of late in finding enough men to cover the areas.

There is no difficulty in getting the money. This is one item in my estimates in connection with which I can get all the money that can be spent each year, provided that I can get the men to spend it and do the work. We are trying to build up staffs by encouraging men to come in and qualify to do this work. Until a year ago we were probably a little overzealous in insisting that any man who did this work must be specially qualified. We were hesitant about putting anyone on the work who had not passed a special examination. It was not enough that he had been a veterinary thirty years or twenty-five years ago; he had to pass an examination now.

Since about two years ago we have been trying to utilize every available man and we have even had students out doing the work. I do not think we are in position where we could compel people to have their herds tested because we could not test them. There are not enough veterinaries in the country to test them. As is indicated here, there are some sections of the country that have been at this a long time and have had the work done. However, the fact that they have been tested once does not indicate that during all the years they have kept right up to date. The only reason they have not been kept up to date is that we have not enough men.

Mr. CAMPBELL: I am glad to hear the minister say that they are not being so fussy about veterinaries during the past year or two. Would it be possible to organize teams of men who were not veterinaries to work under a veterinary? I have seen cattle tested, and it does not seem to me that it is necessary to have a veterinary do the actual injecting of the virus and make the examination. If a group of men were trained to work with a veterinary I think they could cover the country a lot faster.

Mr. ROSS (Souris): I just want to follow up what the hon. member for The Battlefords has said. In the particular district in which I live we have a T.B. free area. You must get a permit to bring in cattle; you must have them tested and all that. As nearly as I can remember, it is twelve years since those municipalities were brought into the T.B. free area and there has not been a re-check since that time. All young stock that have been born have not been checked and there has been no check on whether an animal with a contagious disease is among the herds.

I could cite many cases, such as the one cited by the hon. member for The Battlefords, that occurred when we had the first test. Many families with little children were very much alarmed and in some cases entire herds went down. It seems to me that something must be done. Twelve years is too long a period to let pass without a check. I realize all the difficulties the minister has pointed out. I remember advocating that he organize students in teams under qualified veterinaries. If that will not accomplish the work, then you might have to go further and follow the suggestion of the hon. member for The Battlefords.

This is a serious business because it affects human life. I hope the department will give serious consideration to the development of teams to work under properly qualified veterinaries, not only to take care of new areas but to check the old areas. I know of areas that have applied to become free areas, but they have not been able to be declared free areas because of

a shortage of help. Certainly these areas which have not been inspected for ten or twelve years should be re-checked, because you cannot tell what may have developed in that time. I want to impress the importance of this on the minister.

Mr. BRYCE: I was delighted to hear the minister say that they are going to employ extra veterinary surgeons for this work. I was also pleased to hear him say that he has no trouble in getting the money to do the job. I am very much interested in the question of re-testing raised by the hon. member for Souris. I happen to live in a T.B. free area. It is not so long ago as twelve years that we had our re-test, because they are always picking out the odd animal that will go down. I have been very much interested in this matter for a number of years, and I quite appreciate the alarm felt by the hon. member for Lanark and the hon. member for The Battlefords, because since I came to this House of Commons I have seen T.B. tested cows go into an area where there were people suffering from T.B. and six months later when the cattle were tested they also were found to have T.B. That is a serious matter. I am delighted that the department is carrying on this work.

There is another point I would bring to the minister's attention. When he became Minister of Agriculture more areas were coming in than are coming in now. The movement started in the eastern provinces and everybody was more agreeable then to coming in because cattle then were worth $40 to $45 apiece. The same grade of cow brings $200 today. When you go into a municipality and want to sign up the farmers to have this testing done, naturally they say: Well, cattle are a good price today. If the man has a family of small children he may look at the matter differently, but if he looks at it only from the point of view of dollars and cents he says: Thirty-eight dollars does not look very much to me for a cow that will go into the tank; I will leave it until later on. Naturally, under those circumstances, you do not get two-thirds of your people to agree to have the test. I spoke about this matter in the house once before and one hon. member pointed out that you got $96. It is true that you got $96 if your animal was registered and you had papers and all that sort of thing, but I have always been in the class, when milking cows for the city of Winnipeg, of being glad to get a good grade cow.

Mr. ROSS (Souris): A registered cow is worth several hundred dollars now.

Mr. BRYCE: I never had money enough to buy anything like that. I want to appeal to the minister to check up with his officials, because I think $38 compensation is far too little to pay, with the price of cattle what it is today. I assure the minister that I am hopeful that, as long as he is Minister of Agriculture, he will never let prices go back to $40 and $50 for a cow as long as we have the United States market willing to pay a good price for our cows. I think $38 is ridiculous. If you doubled that figure and then went out and asked farmers to sign up I am sure they would agree to have the test made in much greater numbers than they are doing now. In the interests of health alone it should be made compulsory. I am naturally afraid, in this house, of talking about compulsion, because I know what would be said of me if I did. Nevertheless, in the interests of the health of this nation, I do say that this testing should be made compulsory.

Mr. GARDINER: I just want to say in reply that our experience is in the opposite direction. We have seventy districts in Saskatchewan which have already applied and to which we have not been able to send anybody, and we also have a considerable number waiting in Ontario. If we were anywhere near up to date we would probably have double the present number applying right away.

Mr. BRYCE: I am delighted to hear that.

Mr. GARDINER: There is no difficulty in getting applications. They are coming in so fast that we are not able to handle them.

The other question is one which has been discussed in the house several times; that is, about compensation going up and down with the price of cattle. There are arguments in favour of that and against it. When cattle were down, for example, to $50 apiece, and sometimes as low as $20 apiece, the argument then was that we should pay more because of the low price of cattle. I think the argument for that was just as strong as the argument that we should pay more when the animal is worth more. There is an argument both ways, but we found it was wise up to the present to maintain the same level whether prices are high or low.

Mr. BRYCE: You do not get anything if your animal goes into the tank. If your animal is only partly diseased, around the neck, say, or the liver, you get what value is in the meat, but you do not get anything if it goes into the tank.

Mr. GARDINER: You get whatever value there is in the hide and grease. It may not be much, but you get it.

Mr. BRYCE: That is nothing.

Mr. GARDINER: At present it may amount to quite a bit.

Mr. CHARLTON: On previous occasions I have warned the minister and the department of the seriousness of T.B. and also Bang's disease in cattle, and I want to take this opportunity to reiterate in part what I have said before. I think it all hinges around one thing. I was glad to hear the minister say that he has never been refused any money by the government for this purpose. I think that is all the more reason for stating that the root of the trouble is the low salaries paid to the veterinary surgeons doing this work. I have said that before, and I shall continue to say it until their salaries are in line with those paid to other professions in the department and in the government service. Their salaries are nowhere near in line at present.

I have here a resolution passed at the annual meeting of the Ontario veterinary association, held at Niagara Falls, Ontario, on January 22-23, 1948. It reads:

> Copy of resolution unanimously passed at the annual meeting of the Ontario veterinary association held at Niagara Falls, Ontario, on January 22, and 23, 1948.
>
> The Ontario veterinary association now in annual conference at the hotel General Brock, Niagara Falls, Ontario, unanimously endorse the following resolution and respectfully request your sympathetic consideration and action.
>
> Resolved that the salary schedule of veterinarians employed in the federal Department of Agriculture is inadequate for the responsibilities involved and the qualifications required,
>
> The depleted federal service can be restored only by the institution of appropriate and fair salary schedules and will have its reflection on the health status of the Canadian livestock industry as it relates not only to our domestic but export trade.
>
> May we ask your favourable consideration to an upward revision of salaries comparable to that offered members of other professions.
>
> Ontario Veterinary Association,
> E. F. Johnston,
> President.

Mr. GARDINER: What was the date of that?

Mr. CHARLTON: It was a resolution passed at their convention on January 22 and 23 of this year. I want to be quite fair with the department. Some considerable changes have been made and I congratulate the minister upon them. Apparently these changes have not been sufficient to bring recent graduates, or graduates of previous years, into the service of the department. I want to say a few things to prove that statement. As the minister said earlier this evening, the usual personnel of the health of animals branch is 410. The present staff numbers approximately 290. I may be out one or two; but, as the minister said previously, they are 120 short of the required number to bring it up to the average. In addition to that, sixty members of the present staff are over sixty years of age.

It has already been said that a large number of areas have asked for this test to be taken. I have some figures here which are probably about a month and a half old. They may not be quite accurate, but they are approximately correct. I should like to put them on the record. Areas which have been accredited but are now past due on their tests total ninety-six. Areas that are in the process of being tested across Canada—that is, about a month ago—number twenty-seven. Areas accepted for this test but not tested at all number fourteen. Areas due for a test during 1948 number thirty. That makes a total of 126 areas across Canada waiting for the T.B. test. Unless something is done to encourage graduate veterinarians, or graduates of previous years, to come into the service, we shall never get very far ahead with this testing work.

I want to take exception to a statement made by the minister on April 17. I do not know whether it was a mistake of the press or not; I should not like to say, but the minister can correct me if I am wrong. In a statement made by the minister to the Kiwanis club in Ottawa on April 17 of this year, the following appears. I shall quote just part of it:

> Mr. Gardiner stressed the need for more "properly qualified veterinarians" in Canada. In Canada there were 904 properly qualified vets and 294 of them worked for the government. Fifty-five of the government employees were more than sixty years of age. At the present time there were 120 vacancies in the Department of Agriculture for vets.

That does not agree with the figures I have of the number of registered veterinarians across Canada. I have the figures for the various provinces, but it is not necessary to give them. The total across Canada as I have them—I may be out a few—is 1,053. I think there are somewhere between that number and 1,100 in Canada.

I want to congratulate the department and the veterinary college of Guelph for getting together and co-operating on taking the third-year students. Part of the third-year course at the veterinary college is to take on this work for two months in the summer. Therefore the third year will be the fourth year now, since the veterinary course will be a five-year course from now on. I may say that the number graduating this year from the veterinary college at Guelph is forty-three. The 1949 class, that is, the boys who will be taken on by the department this year for the

two-month period, one month in field work on the disease of plants and plant inspection, is 118. The number in the class which will graduate in 1950 is 140, and the number in the class of 1951 is 153. It will be seen by these figures that there will be an increasing number in those years. I should like the minister to answer at a later time, if he can, just how many of this year's students, the forty-three graduating this year, he expects to take on the department this year. I doubt whether there will be very many.

Several orders in council have been passed respecting the salaries of veterinary surgeons. As I said before, some increases have been given. Some of these orders in council have been tabled in the last few days, but until that time they had not been tabled. I wonder why this government passes orders in council and makes them available to everybody but members of parliament. I make that statement and it is true, because I had a difficult time to get the three last orders in council. I knew they had been passed. I had a terrific time in getting hold of them. They had never been tabled, but everybody but members of parliament seemed to be able to get hold of them. I ask the minister why that is, because surely we have the same privileges as an individual in having access to orders in council passed by the government.

An order in council was passed on March 24, P.C. 1/1222, which increased the starting salary of veterinarians from $2,100 to $2,400; but the $2,100 starting salary is still retained in the order in council. If in future years they wish to drop back to $2,100, because there are probably a few more vets in the country, they can drop back to that amount. As I said, the starting salary was raised on March 24 to $2,400, and on a later date it was raised to $2,700. So far as I know, that is the starting salary for veterinarians coming into the service under the grade one classification.

Other orders in council have been passed to increase and reclassify veterinarians, now in the service, for which I wish to congratulate the minister, or whoever was responsible for it. That was done more or less to hold the men who are in the service at the present time. It was very necessary to hold these men, because in the past few years we have had 120 resignations, and if something were not done, there probably would have been more resignations from the branch. But, as I said before, nothing very satisfactory has yet been done. I understand that something is now being considered. Since I have heard nothing definite, I shall be glad if the minister can make it definite tonight that the starting salary has been increased and that the reclassifications can be made to a greater maximum without examination, just simply a year by year reclassification up to a maximum for the grade four veterinarians, or senior veterinarians.

As was so well said by the hon. member for Lanark, this is not a problem of the health of livestock only; it is a national health problem, and should be treated as such. If what we have to do is to pay more to veterinarians to join the service, then it should be done, because we have been going along for three or four years with a reduced staff. It is of sufficient importance not to be so miserly in the future. It is essential that we do something to rid this country of T.B. I repeat that this is not simply a livestock health problem; it is a national health problem. When you find young children coming down with T.B., and the incidence so great as was stated by the hon. member for Lanark, it should make people jealous of the fact that they want to have their herds tested even from that point of view alone.

I would suggest strongly that the department be given sufficient money to carry on a vigorous advertising campaign to warn farmers of the many dangers confronting them in this fight against T.B. It might be logical for a person, after having an accredited herd for sixteen or eighteen years, possibly to become a little careless. That is understandable. He thinks, having been free so long, that condition will continue without as much care on his part as he has taken in the past. These veterinary surgeons should warn these men of the various dangers, and the department should carry on an instructional campaign, telling the farmers of the various things they must guard against.

As the minister has said, the department does not feel that the exchange of feed bags was so very important a factor in the recent outbreak in Lanark county, nor was the bone meal. They think it was introduced by animals from non-tested areas. That is another point that suggests the importance of getting over all areas in the country and not simply choosing isolated counties here and there. A test is of questionable value, when there is a county that is tested regularly while the county next to it is not. A man across the fence might have cattle on his farm; there might be a stream running from his field into the adjoining pasture, and if his cattle were polluted with tuberculosis, his herd not having been tested, his neighbour's cattle would become infected.

It is important to have the larger areas covered, and more consideration should be given to areas adjoining tuberculosis-tested areas. Consideration should be given them above isolated areas, no matter when the application came in, because it is of much greater importance to have adjoining areas tested than it is to have an isolated area tested.

As the hon. member for Lanark pointed out, the savings of a lifetime might be wiped out overnight by this dread scourge of tuberculosis. The two diseases that call most urgently for attention are tuberculosis and Bang's disease. On various occasions I have mentioned Bang's and it is equally important with tuberculosis. The area-testing for tuberculosis is, however, of great importance, and Bang's will go along with that.

I wish to congratulate those who have taken part in creating the greater co-operation between the veterinary surgeons and the medical profession, because neither the medical men nor the veterinarians independently could possibly handle the situation. There must be complete co-operation. They must travel hand in hand across the country in the fight to get rid of tuberculosis and Bang's disease. I have made various statements before on this question, and I should like to have the minister inform the committee of the number of veterinarians graduating this year. How many is it expected to obtain from the college?

Mr. GARDINER: I am not in a position to say how many we shall get from the college, probably not more than four or five as far as we know at the moment.

I think I should say something with regard to the salary levels. I would agree with the hon. member for Brant that until recently the salaries have been much too low. The ranges ran from $1,640. As a matter of fact, veterinarians came on at $1,640 and worked up to the level of $1,800-$2,160, and there was some difficulty in getting beyond that level. The situation is changed today, so that the veterinarian, if he is right out of college, comes on at $2,700. He does not come on at the bottom of that grade, which is $2,400 to $2,700, but at the top of the classification, which is $2,700, and he has to put in only one year to get into the $3,000 class. If he has had one year's experience as a veterinarian outside the department he goes into the $3,000 class, and he gets a yearly advancement until he reaches $3,300, without further examination. From $3,300, however, the increases are promotional and he can go up to $4,800. So that there has been a considerable increase in the payments now made to veterinarians.

Mr. HACKETT: Can he go to $4,800 without examination?

Mr. GARDINER: He has to have the usual promotional examination from one classification to another after he gets up to $3,300. It is neither an oral nor a written examination but a rating.

Mr. HACKETT: That is departmental?

Mr. GARDINER: Yes. It is based on the work he has done. It is a departmental rating confirmed by the commission. That is the position in the matter of salaries. I might say, in answer to the question my hon. friend has asked, that the 904 is the figure given at the Chateau Laurier. That is the official figure of registered veterinarians. In addition to that, there are veterinarians who are qualified, working for the department, and that would bring the figure to between 1,100 and 1,200.

Mr. CHARLTON: I understood the minister to say the figure he gave included 294 working for the department.

Mr. GARDINER: The 904 is exclusive rather than inclusive.

Mr. CHARLTON: The minister said that the veterinarians could go to $4,800 without examination. That is perfectly true. They can probably do so if they get a reclassification in their grades and are good enough to be chief veterinary inspector, meat inspection, or chief veterinary inspector, animal contagious diseases. There are only two jobs and only two men on those jobs with $4,800. How many men have a chance to get those jobs?

Mr. GARDINER: The district inspector, grade 2, can go on to $4,800 as well. There are five of these.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MacNICOL: What is the business on Monday?

Mr. FOURNIER (Hull): On Monday we should like to complete consideration of Bill 300 to amend the Canada Shipping Act. There are only a few sections left and it will not take long, and then we shall continue with the budget debate.

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

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

DEPARTMENT OF AGRICULTURE

1. Departmental administration, $234,297.
2. Publicity and extension division, $195,013.
3. Advisory committee on agricultural services, $3,000.
4. Contributions to empire bureaux, $86,139.
5. Science service administration, $168,374.
6. Animal and poultry pathology, $261,264.
7 Bacteriology and dairy research, $87,662.
8. Botany and plant pathology, $845,983.
9. Agricultural chemistry, $312,525.
10. Agricultural entomology, including a payment of $3,500 to the commonwealth biological control laboratory, Belleville, Ontario, for special services, $1,031,667.
11. Forest entomology, $887,693.
12. Plant protection, $556,674.
13. Experimental farms service administration, $100,475.
14. Central experimental farm, $1,354,441.
16. Production service administration, $46,089.

HOUSE OF COMMONS

Monday, May 24, 1948

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

MONEY AND CREDIT IN CIRCULATION

Mr. CAOUETTE:

1. Why are Bank of Canada notes, old or new, all dated January 2, 1937?
2. What is the amount of money and credit in circulation in Canada at present? What is the proportion of currency to bank credit?
3. On what gold value is the Canadian monetary unit secured at present (a) in Canada; (b) outside of Canada?

Mr. BELZILE:

1. The date of January 2, 1937, on the current issue of Bank of Canada notes is the date on which these notes, the form and material of which was approved by the minister in accordance with the provisions of section 24(4) of the Bank of Canada Act, were first put into circulation. This issue succeeded notes of another design issued and dated in 1935, and which were withdrawn from circulation.

2. (a) As at March 31, 1948, Canadian currency in circulation (excluding currency held as till money by the banks) amounted to $1,098 million and active money supply, including currency, to $3,933 million.

"Active money supply" is the aggregate of the following, excluding deposits of the Canadian government, inactive notice deposits, deposits of chartered banks with Bank of Canada and cheques deposited by payees not yet cleared against the accounts of the drawers:

(1) Canadian deposits of the chartered banks plus

(2) Canadian deposits with Bank of Canada plus

(3) Canadian currency in circulation apart from that held by the banks as till money.

(b) The ratio of currency in circulation to the total of (1) and (2) above was 38·7 per cent.

3. (a) and (b) It is not clear what is meant by these questions. However, pursuant to an order in council passed under the Bretton Woods Agreements Act, 1945, the governor in council fixed the par value of the Canadian dollar for the purposes of the agreements at one United States dollar of the weight and fineness in effect on July 1, 1944. As of that date, the United States dollar had a par value of 15 5/21 grains of gold, 9/10 fine.

DEPARTMENT OF AGRICULTURE—EMPLOYEES

Mr. ASHBY:

How many individuals were employed in the federal Department of Agriculture (all branches), on January 1, 1910, 1920, 1930, 1940, 1948?

Mr. GARDINER:

	Employees	
	Classified	Prevailing rates
Jan. 1, 1912....	718	No record available
Jan. 1, 1920....	1,125	No record available
Jan. 1, 1930....	2,079	No record available
Jan. 1, 1940....	3,458	582
Jan. 1, 1948....	3,984	1,337

Note: Figures for 1910 are not available; first record available is for the year 1912.

QUESTIONS PASSED AS ORDERS FOR RETURNS

EXIT PERMITS—BABIES

Mr. CAMPBELL:

1. Have any babies been exported from Canada during the past five years to foreign countries for adoption there?
2. If so, how many (by provinces), (a) male; (b) female, and on whose recommendations and to what countries?
3. Were exit permits issued and by what department?
4. What supervision is there over babies that have been exported?

DANGEROUS DISEASES

Mr. McKAY:

1. What were the number of deaths in Canada during 1947 from (a) diseases of the heart; (b) cancer and malignant tumours; (c) nephritis; (d) diseases peculiar to the first year of life; (e) pneumonia; (f) tuberculosis?
2. Has the government taken any steps to reduce the number of deaths from heart disease?

WARTIME PRICES AND TRADE BOARD—KINGSTON OFFICES

Mr. KIDD:

1. Has the wartime prices and trade board offices in Kingston?
2. If so, how many persons are now employed there?
3. Where are these offices located?

4. Has the lease expired or when does it expire?
5. What rent do they pay?
6. How long have they occupied these premises?
7. Are any arrangements being made for them to occupy new premises? If so, where and what rent do they intend to pay?

MOTION FOR PAPERS

EXIT PERMITS—BABIES

Mr. CAMPBELL:

For a copy of all correspondence exchanged between any individual or group or provincial government and any minister, department or official of the federal government, during the past two years, having to do with the export of babies to foreign countries.

Mr. GIBSON (Hamilton West): Mr. Speaker, I suggest that this motion should be passed subject to the usual reservation, that the consent of provinces must be received before filing correspondence.

Mr. SPEAKER: Carried, subject to the reservation made by the minister.

FARM PRICES

POWERS OF AGRICULTURAL PRICES SUPPORT BOARD EXTENDED BEYOND MARCH 31, 1948

Right Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to provide that section nine of the Agricultural Prices Support Act, 1944, dealing with the powers of the agricultural prices support board, shall be deemed to have continued in force after March 31, 1948, and that it may be continued in force for such further period as the governor in council may fix by proclamation.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

BUSINESS OF THE HOUSE

WEDNESDAY EVENING SITTINGS

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That on and after Wednesday, the 26th of May, 1948, and all subsequent Wednesdays to the end of the present session, the sittings shall in every respect be under the same rules as provided for other days.

Mr. GORDON GRAYDON (Peel): I should think that at this stage the house would be ready to accept the Prime Minister's motion to increase the time at our disposal for the discussion of the business of the house. Can he indicate to the house what legislation the government intends to bring before the house between now and the end of the session? This information would I am sure be helpful to hon. members in that it would enable them to arrange their plans to meet the government's program.

Mr. MACKENZIE KING: I shall be glad to bring before the house a statement of legislation which is outstanding. I shall not be here tomorrow, but I should hope that on Wednesday I might be able to give the house a full statement of what remains to be brought forward. There is not a great deal.

Motion agreed to.

VICTORIA DAY

ANNIVERSARY OF BIRTHDAY OF QUEEN VICTORIA

On the orders of the day:

Mr. GORDON GRAYDON (Peel): Mr. Speaker, as this is an important day in the annals of the British empire, the anniversary of the birthday of a great and beloved sovereign of yesterday, I believe that as a House of Commons we would do well to follow the precedent suggested by the Prime Minister (Mr. Mackenzie King) in former years. I suggest that we pay our tribute and homage to her memory, and our tribute and homage to her great grandson, the reigning monarch of today, by standing and singing God Save the King.

The members rose and sang

God Save the King

THE LATE HON. J. L. RALSTON

On the orders of the day:

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, before the orders of the day are called I should like to say a few words as president of the Canadian Bar Association about a man who was not only a pillar of the Bar Association, but one of its rarest ornaments.

Canadian lawyers are proud to claim the late Colonel Ralston as one of their very own. They mourn his death and will long cherish the example he has set to his profession in the various avenues of their high calling.

Perhaps I may be permitted to say here in part what I have said elsewhere about Colonel Ralston and his sudden and much lamented death.

Colonel James Layton Ralston died at the end of the day,—a day like all his days, filled with labour. He led a life of labour.

Well equipped physically and mentally, he turned to account every ounce of energy that his stout frame and powerful intellect were capable of generating. Few men in our time have successfully engaged in broader fields of endeavour; none has been more unsparing of self.

Ralston was in turn lawyer, soldier and politician. In each of these callings he excelled; in each he left enduring marks and abiding friendships; in all, his way was lit by the lamps of a purpose that never wavered, of a courage that never weakened, and of ideals that never dimmed. Ralston was primarily and always a lawyer. In early manhood as his first choice he went to the law; to the law he returned from both soldiering and politics. He was admitted to the Nova Scotia bar at the early age of twenty-one, and to the Quebec bar half-way through his career.

His capacious mind and its easy intake, his faithful and well-stored memory, his intellectual curiosity, his gift of orderly and lucid exposition, his endless industry, made of him one of the great Canadian advocates of his generation. He understood the meaning of professional duty in its public no less than in its private aspects. He was alive to the traditions of the Bar. He knew that it has functions of supreme importance to the life of a free country, that its members are called upon to develop and exercise qualities of leadership and guidance which are not exacted from the members of any other profession. He knew that in a democracy where all are subject to the law, and where so much depends upon the interplay of political parties for the enactment of good laws and their fair administration, the lawyer is better qualified than many to make a contribution to public life, and his he made generous, wholesome and vigorous.

He suffered the fortune and the fate of those engaged in the endless adventure of governing men—no more, no less. Ralston understood. He did not complain. He considered it a privilege to have given of his best in field and forum to the public service of his country. When this came to an end he returned to his briefs, not sad and dejected, but lighthearted and joyous. He had done his duty; he had retained his ideals; he had kept his friends.

To live in hearts we leave behind
Is not to die.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I have naturally, knowing there would be those who, like myself, would wish to make reference to the late Colonel Ralston, given careful thought to what should be said or done in the house this afternoon regarding the passing of one of the greatest public servants Canada has had.

Part of my duty as leader of the house and Prime Minister is to preserve traditional practice and to be careful in the matter of establishing precedent. I therefore had a careful search made as to what had taken place in parliament in the past, and have been unable to find that at any time, with one exception only, has reference been made by the leaders of the parties to the passing of former members of governments who were not members of the parliament then in session. The only exception, so far as I have been able to ascertain, has been with former prime ministers or leaders of political parties. I considered whether it would be proper for me to depart from the traditional practice today, or rather to set a precedent which it might become embarrassing to follow in some future cases. Before taking my seat this afternoon I had a word with the acting leader of the opposition and mentioned to him that I did not think, for the reasons I have mentioned, that I should depart from what has been the customary practice and thereby establish a new precedent.

However, I am happy indeed that the hon. member for Stanstead (Mr. Hackett) as president of the Canadian Bar Association, has found the best of reasons for drawing the attention of the house to the loss which the legal profession of this country has suffered in the passing of the late Colonel Ralston. May I say that I echo sincerely and deeply all the sentiments that he has expressed. I would say on behalf of the public of Canada that I think Canada has lost one of the finest men of our country in the passing of the late Colonel Ralston.

I knew Colonel Ralston intimately, and a more unselfish and self-sacrificing public servant I have never known. I cannot recall anyone of my acquaintance who seemed to be more industrious, more conscientious or more ready to sacrifice everything for duty, as he saw it, than Colonel Ralston. We had our difference as to what was the most advisable course to be adopted at a particular time, but such differences arise in government and are sometimes inevitable. As far as I am aware, that difference, which was a political difference, did not make a difference in our personal friendship. I continued to retain to the end of his life the strongest affection for Colonel Ralston and the greatest possible admiration for his high character and exceptional abilities. I believe that the great service which he rendered our country in the period of the war

years as Minister of National Defence brought a reaction which was inevitable. I would think that it helped to account for the shortening of his life. But those who knew Colonel Ralston will realize with me that he was a man who could not spare himself no matter what particular task he might be engaged in. As has been reported in the press, he was apparently following his customary habit of working until half past six or seven o'clock at night before returning from his duties to his evening meal. I would not have been surprised if the evening had found him engaged again on the task he had in hand. Certainly it was so through the years that he was here as Minister of National Defence. The continual taxing of his energies, and what must frequently have been the overtaxing of his strength undoubtedly contributed to his sudden passing at the age of sixty-six. I feel that our own country is very greatly the loser in the death of one who held so high a place in his profession, who played so important a part in public life, and who took such a great part in the larger task of helping to save the world's freedom when freedom itself was at stake.

I do not think we should ever forget that Colonel Ralston, when the first war came on, gave up his practice to join Canada's armed forces for service overseas, and that his was a heroic part. He served with great distinction through the whole of the first war. When a second war threatened, I remember talking with him very earnestly before war actually broke out. Fearing that something of the kind might happen, I begged of him to come into the ministry forthwith. He told me in his quiet, humble, modest way that he had felt the need of making provision for his family and himself and for that reason did not wish to come back into the government, but that if war came I could call on him in a moment. When war came, I asked him again to come into the government, and he responded instantly. No one could have rendered the country greater service in the time that he was minister of the department of defence than Colonel Ralston. His name will always be greatly honoured in this country, and nowhere more than in this parliament, and by none more than by those who knew him best.

Right Hon. J. L. ILSLEY (Minister of Justice): Mr. Speaker, as an old personal friend of Colonel Ralston, a fellow Nova Scotian, and also as the honorary head of the Canadian Bar Association, I should like to add a brief and simple tribute to the great man whose death has just occurred.

Colonel Ralston never did a selfish thing in his whole life, and I cannot think of anyone whose death would cause more widespread sorrow than his. A truly great Canadian has passed away, and his countless friends are shocked and grieving. His whole life was devoid of selfishness and filled with distinction. A brave soldier, a fine lawyer, a wise statesman, he brought honour and glory to Canada throughout his whole illustrious career. His devotion to duty, his intellectual honesty, his frankness and courage, his capacity for self sacrifice, his unfailing manliness in all the activities and relationships of life, were altogether exceptional. His heart was full of human sympathy, his friendships were innumerable, his loyalty to old comrades and friends unshakeable.

To his devoted wife and son I extend my deepest sympathy.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, as one who had the privilege of sitting in this house with Colonel Ralston when he sat on this side, and also when he was a member of the government, I wish to associate myself and the C.C.F. group with the tributes paid to his memory by the member for Stanstead (Mr. Hackett), the Prime Minister (Mr. Mackenzie King), and the Minister of Justice (Mr. Ilsley).

I shall remember Colonel Ralston best because of the meticulous care with which he answered, or at least attempted to answer, every letter I wrote him during the time he occupied the position of minister of defence. I knew how busy he was, and how many important questions he had to deal with, and I refrained whenever possible from writing him in regard to anything. But as happens with all private members, I had occasion, at times, to put questions to him, and no matter how much trouble the answer involved I always got an answer which was full and complete in every detail. I am sure that that is the way in which he will be remembered by most of the members, at least on this side of the house.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, inasmuch as the member for Peace River (Mr. Low) was not a member of parliament while Colonel Ralston was winning the admiration of the whole house by his estimable behaviour in the cabinet during wartime, he has asked me to say a word on behalf of the Social Credit group.

After all the beautiful and noble things that have been said, it seems utterly impossible for me to say anything more, or to say it any better. But an inspiring passage referring to the war comes to my mind at this moment, as put into the mouth of a soldier boy who was called upon to make the supreme sacrifice. The words are, "Now, God be thanked, Who has

matched us with His hour." I believe those words are exceedingly appropriate as applied to Colonel Ralston. In his spiritual life, having left this life of storm and stress, he must now be able to say with great satisfaction, "Now, God be thanked, Who has matched us with His hour."

The members of my group join with all other members of the house in deep appreciation of Colonel Ralston's fine life, and in tenderest sympathy and good will toward his bereaved ones.

Mr. J. W. MacNAUGHT (Prince): Mr. Speaker, I feel that as the member for Prince, the constituency represented in this house from 1939 to 1945 by the late Colonel Ralston, I should add a few words to what has been already said by the other speakers.

I believe that I am voicing the feelings of every one of my constituents and the people of the maritimes in general, regardless of politics, race or creed, when I say that in the passing of the late Colonel Ralston the maritimes have lost one of their most distinguished sons. Colonel Ralston had a tremendous capacity for forming deep and abiding friendships. During the six years he represented Prince he made many such friendships. I well recall that on a return from a trip to the battlefronts in Italy, Colonel Ralston spent literally hours telephoning the friends and relatives of boys he had met and talked to while overseas. Such genuine acts of courtesy and thoughtfulness on the part of a busy man are not soon forgotten.

On behalf of my constituents and myself, I wish to express deepest sympathy to the family of the late Colonel Ralston.

Mr. GORDON GRAYDON (Peel): Mr. Speaker, I rise to associate the Progressive Conservative party, of which I have the honour at the moment to be the acting leader, with the sentiments which have been so eloquently expressed by those who have preceded me.

I felt when I heard the news of Colonel Ralston's death that it was almost like losing a member of one's own family; for through the war years he had endeared himself to all of us who sat with him in parliament and had anything to do with his department. His courtesy, his friendliness, and, as one hon. member has said, his capacity to hold his friends, singled him out and made him one of the very great men with whom we have had the honour to associate. His courage, his brilliance, his almost indefatigable attention to every detail of the duties at hand, and his devotion to that duty, marked him in the hearts, minds and memories of all of us as one of nature's gentlemen. No greater tribute than that can one man pay to another.

On behalf of the party with which I am associated, Mr. Speaker, I join with other hon. members who have spoken, in conveying to the late Colonel Ralston's widow, and to his son, deep and genuine sympathy in this their hour of sorrow and of loss.

PALESTINE

UNITED STATES PLEA TO SECURITY COUNCIL—QUESTION AS TO CANADA'S SUPPORT

On the orders of the day:

Mr. JOHN T. HACKETT (Stanstead): I should like to ask a question of the government. Will Canada support the United States in its plea to the security council for a declaration that the present situation in Palestine is a threat to the peace, and, in fact, a breach of the peace?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, I am not prepared at this moment to make a categorical answer to the hon. member's question, because my information is that late Saturday afternoon the security council disposed of both a proposal submitted by the delegate of the United States and one submitted by the delegate of the United Kingdom. Though I have no information as to just what the precedure was, we received an official notification from the secretary general, Mr. Trygve Lie, in a telegram which I think I should read to the house, because, though I have scanned the newspapers carefully, I have not seen its text published. This is the dispatch:

Lake Success, May 22, 1948

Have honour to communicate to your government following resolution adopted by security council at its 302nd meeting held 22nd May, 1948.

"The security council, taking into consideration that previous resolutions of the security council in respect to Palestine have not been complied with and that military operations are taking place in Palestine;

"Calls upon all governments and authorities, without prejudice to the rights, claims or position of the parties concerned, to abstain from any hostile military action in Palestine and to that end to issue a cease-fire order to their military and para-military forces to become effective within thirty-six hours after midnight, New York standard time, 22nd May, 1948;

"Calls upon the truce commission and upon all parties concerned to give the highest priority to the negotiation and maintenance of a truce in the city of Jerusalem;

"Directs the trade commission established by the security council by its resolution of 23rd April, 1948, to report to the security council on the compliance with the two preceding paragraphs of this resolution;

"Calls upon all parties concerned to facilitate by all means in their power the task of

the united nations mediator appointed in execution of the resolution of the general assembly of 14th May, 1948."

Draw attention in particular to paragraph two of this resolution.

Trygve Lie

It is true that there is a report in the newspapers of this morning under the dateline, "Lake Success, N.Y., May 23," which reads as follows:

The United States appeared ready tonight to renew its fight for a Palestine cease fire order, voted down late Saturday by the united nations security council which instead appealed to Jews and Arabs to stop fighting.

However, there has been no subsequent proposal, of which my department has any knowledge, of further action since this resolution was adopted.

Hon. members realize that the difference between the resolution adopted and the one submitted is that the one submitted called for a declaration under chapter 7 of the united nations charter, which provides for methods of coercion. Canada is a member of the security council. As such our delegation on the security council is responsible not only to the Canadian people but to all members of the United Nations. All I can say is that the whole matter is being, and will continue to be, considered in the most objective light possible, with a keen and earnest desire to make such moves, and take such measures, as will seem to be both practicable and best fitted to bring about a cessation of the terrible situation which, I will not say, exists, because I do not know at this moment whether this resolution has been complied with, but which has been in existence until very recently in the Holy Land.

REPORT AS TO SHOOTING OF BRITISH CITIZENS TAKEN PRISONER

On the orders of the day:

Mr. NORMAN JAQUES (Wetaskiwin): I wish to direct a question to the Secretary of State for External Affairs. According to the C.B.C. news at one o'clock, the Jews have declared that they will shoot all British citizens taken prisoner. The question I should like to ask is this: Has the government any information as to whether that would apply to Canadian citizens, or only to those of Great Britain?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): The Canadian government has received no information whatsoever of there being any threat by the Jews, as referred to by the hon. member, to shoot British subjects.

[Mr. St. Laurent.]

RADIO BROADCASTING

REPORTED PURCHASE BY C.B.C. OF BUILDING IN MONTREAL

On the orders of the day:

Mr. DONALD M. FLEMING (Eglinton): May I ask the Minister of National Revenue whether the Canadian Broadcasting Corporation has purchased a building in Montreal for its offices and other purposes at a price reported to be $750,000?

Hon. J. J. McCANN (Minister of National Revenue): Mr. Speaker, I have not seen the report, but the statement as given by the hon. member for Eglinton is not according to the facts.

Mr. FLEMING: Press reports indicate that the Ford hotel building in Montreal has been purchased by the Canadian Broadcasting Corporation.

P.E.I. CAR FERRY

INQUIRY AS TO CHANGES IN SCHEDULED CROSSINGS

On the orders of the day:

Mr. J. W. MacNAUGHT (Prince): I should like to direct a question to the Minister of Transport. Are any changes to be made in the scheduled crossings of the car ferry at Borden and Tormentine?

Hon. LIONEL CHEVRIER (Minister of Transport): Yes; decision has been reached to institute a late sailing of the Prince Edward Island car ferry from Cape Tormentine at 10.30 p.m., daily except Sunday, from June 27 to September 7, inclusive; also an earlier sailing on Sunday has been decided upon which will leave Borden at 9.10 a.m. and Cape Tormentine at 10.30 a.m., from June 4 to September 5, inclusive.

INQUIRY FOR RETURN

NORTH STAR AIRCRAFT

Mr. L. W. SKEY (Trinity): Mr. Speaker, in the absence of the Minister of Trade and Commerce may I call the attention of the Secretary of State to a question of mine passed as an order for return on Wednesday, April 28, 1948, with regard to North Star aircraft? I do this because I see on the order paper a question by the hon. member for Calgary West (Mr. Smith) which is similar to mine. Now that a month has elapsed since the question was passed as an order for return, may I ask the Secretary of State if I may have an answer to my question at an early day?

Hon. COLIN GIBSON (Secretary of State): I shall be glad to make inquiries and try to expedite the return.

INCOME TAX

INQUIRY AS TO INTRODUCTION OF NEW ACT

On the orders of the day:

Mr. JOHN T. HACKETT (Stanstead): Will the Minister of National Revenue say if it is his intention to bring in the new income tax legislation at this session?

Hon. J. J. McCANN (Minister of National Revenue): It is the intention of the government that the new income tax act shall be introduced after the budget debate has been finished.

Mr. GRAYDON: Is it the intention of the government to submit the income tax bill to a special or standing committee of the house for consideration?

Mr. McCANN: The hon. member's question might more properly be answered by the Minister of Finance, since the new income tax legislation comes under his direction. But I do not think I am betraying any confidence in saying to the hon. gentleman that it is my understanding that the bill will be referred to the committee on banking and commerce.

Mr. GRAYDON: I am glad to hear that, because there are many bona fide farmers who would like to come and give evidence.

Mr. McCANN: You can arrange for that.

HOUSE OF COMMONS

VICTORIA DAY—REQUEST FOR HALF HOLIDAY FOR PART OF PAGE STAFF

On the orders of the day:

Mr. L. E. CARDIFF (Huron North): Mr. Speaker, I wonder if the house would consider a very urgent request. In view of the fact that there is such a scanty attendance in the chamber, and that the boys who are employed as pages feel that the 24th of May is a day they should have off, would it be possible to grant at least a part of the page staff a half holiday?

CANADA SHIPPING ACT

AMENDMENTS TO ACT OF 1934

The house resumed from Thursday, May 20, consideration in committee of Bill No. 300, to amend the Canada Shipping Act, 1934—Mr. Chevrier—Mr. Macdonald (Brantford City) in the chair.

The CHAIRMAN: When the bill was last under consideration the committee was dealing with clause 44. Shall the clause carry?

Section agreed to.

Sections 45 to 54 inclusive agreed to.

On section 55—Coming into force. Sec. 17.

Mr. SINCLAIR: This is the place to introduce a new clause, according to Beauchesne, 670 and 671. I need not speak at great length on the amendment I shall now propose to section 406, because I covered that when I spoke on the second reading of the bill. The minister has informed me that there will be a number of special amendments next year to those parts of the Canada Shipping Act relating to the technical end of radiotelegraphy. My amendment is not a technical one, being intended rather to ensure safety, and there is no need for any technical knowledge to understand the meaning of it.

Section 406 of the Canada Shipping Act is the section that stipulates what type of ship shall carry radiotelegraph operators as a safety measure. Subsection 1 satisfactorily covers deep-sea ships and cargo ships. Section 406 (2) is the section referring to coastal steamers plying on the east and west coasts. The intent of the act is a good one. The section states that a ship certified to carry 50 or more persons shall have a radio operator if it makes a voyage of more than 200 nautical miles from place to place. The second subsection states that the bigger ships carrying 250 persons must have an operator if they make voyages of more than 90 miles from place to place, and the third subsection provides that if they carry 500 passengers or more they may go only twenty miles from place to place without such an operator.

When this act was drawn up I am quite sure it was intended to cover the situation I shall describe. Another section of the act to which I call attention shows the great importance which is attached to proper radiotelegraph service at sea. Section 40 gives the minister amazing powers. The hon. member for Stanstead (Mr. Hackett) commented on the wide powers given the minister in case of emergency. He can allow ships to go to sea without a certified captain or deck officers or engineer officers, without steamship inspectors or proper loading; but there is one significant subsection of this clause which provides that while he can do all these things, he cannot allow any leeway in relation to those aspects that concern radiotelegraph installations on ships.

This is not only important as far as the people who drew the act are concerned; it is extremely important to the people of British Columbia. As I pointed out in my earlier remarks, our province has a very heavy coastal steamer traffic north and south. Our coast, while picturesque, is a dangerous and treacherous one to navigate, especially in the winter, when unfortunately we have not only heavy

rains but dense fog. Moreover, our coast is a very badly lighted one. We have not one quarter of the aids to navigation on the British Columbia coast, in the way of lights, buoys, foghorns and so on, that the Americans have, either on the coast of the United States itself or on the coast of Alaska.

It has been mentioned also by the British Columbia members that we have not a coast-guard to help in rescue work on the British Columbia coast as have the Americans. For these reasons the people of British Columbia are anxious that the coastal steamer traffic shall be properly protected by adequate radio-telegraph service.

Unfortunately, while the intent of the act is good, there have been infringements and evasions—not, I am glad to say, by the two major steamship lines, Canadian Pacific Steamships and Canadian National Steamships, but by some of the smaller lines which ply the coast. They have taken advantage of the fact that in the act the length of journey is defined as "from place to place," and therefore the coastal steamers can make the voyage of 500 miles to Prince Rupert, along all that hazardous coast carrying 400 passengers, and evade the stipulations of the act by merely calling every 90 miles at some small fishing cannery, logging camp or paper town. Such places could not give to a ship in distress the service which is expected. The reason for limiting the voyages of ships of this type is that if the ship is in distress, aid in the way of salvage tugs, high speed tugs and medical help can be sent to points which the ship had left or towards which it was headed; and above all, that these points should have wireless listening posts at which someone will be listening for distress calls, and to which the coastal steamer could send a call if it is in distress. Such posts are not found in these little logging towns, which are used as "places" under the act. They have none of these facilities. They have no tugs or lifeboats which could go out to give aid. They have no medical aid at hand. Seldom have they a doctor. As they have no listening posts, a ship could be in distress five miles away and nobody in these little towns would be any the wiser.

The people of British Columbia, therefore, have indicated strongly that they think this act should be strengthened. The weakness arises from the words "place to place". It has been suggested that we use the terminology which is used in the United Kingdom with regard to coastal traffic, namely, "terminus to terminus". This, however, might apply to a ship, for example, going from Vancouver to Alaska, passing two or three points en route which are places from which aid could go out.

[Mr. Sinclair.]

Public opinion at home has pretty well decided that "public harbour to public harbour" is a much better definition than "place to place", a public harbour being a place designated under this act, the Canada Shipping Act. Every public harbour has a harbour master, and from these harbours you could expect aid in the way of tugs or lifeboats, and medical aid; and there would be maintained at each of them a listening post.

I should like to refer the minister, if he is at all in doubt as to the opinion in our province, to the feeling expressed last winter in editorials in all the papers after we had a fatal wreck on one of our small coastal steamers. Only last week two papers in British Columbia which consistently support this government, the Vancouver *Sun* and the Victoria *Daily Times*, both carried long editorials on the subject, one entitled "Safety on the coast", and the other "Safety at sea".

If the minister wants other proof, I am sure the hon. member for Yukon, who during the fifty years he has been active in the west has probably travelled our British Columbia coast more than any other member in this house, or the hon. member for Vancouver East, or the hon. member for Kootenay East, can support me in this contention.

I do not think that I can say anything further, so I will now move my amendment, which is as follows:

That section 406 2(a) of the Canada Shipping Act be amended by substituting in subparagraphs (i), (ii) and (iii) the phrase from "public harbour to public harbour" wherever the phrase "place to place" now occurs.

Mr. MacINNIS: I rise only to support this amendment. I know that greater safety is required than is at present provided by the regulations affecting ships plying on the Pacific coast. I understand that some of the opposition to providing radiotelegraph on the ships, an operator for that purpose, arises out of the small amount of work the person in charge would have to do. I submit that is not a good argument. If it were a good argument, instead of having full-time firemen in our cities, who may be on duty for weeks without being called to a fire, we would have part-time firemen. The need for a radio operator on a ship is when an accident occurs, either to the ship which is so equipped, or to some other ship. It is a question of radiotelegraphy not only from ship to shore but also from ship to ship. The importance that is attributed to radiotelegraphy in the schedule to the safety at sea convention is a good indication of the value attached to it. There are over six pages of regulations. I suggest

that the amendment proposed by the hon. member for Vancouver North is necessary at this time, and is especially necessary on the rugged coast of British Columbia where we have no coastguard service.

Mr. BLACK (Yukon): The hon. member for Vancouver North has clearly and completely stated the case for his proposed amendment. The act as it stands now, with the use of the word "place" in the various paragraphs, enables the steamship companies whose ships are not equipped with radiotelegraph to evade the act. They can have a short voyage from place to place, including a number of "places", on a whole long voyage; whereas if the words "public harbour" are substituted for the word "place" they cannot do that. As the hon. member for Vancouver North has said, the largest shipping companies on the west coast are properly equipped. I have been on these ships when they had to call for help. I have been on ships when other ships called them for help. If it had not been for the radiotelegraph, they would not have known that a ship was in trouble, nor could they have made their own needs known to the people on shore or to other ships. I submit to the minister that, in the interests of public safety, the amendment should be adopted.

Mr. GIBSON (Comox-Alberni): Under the present provisions of the act, a C.P.R. steamer operating on the west of Vancouver island could get by the present provisions without providing a radio operator. If the minister has ever been out to this wild and rugged country, he will realize the urgent necessity of providing for the safety of passengers on runs of that kind. I appreciate the fact that in the near future there will be extensive advances in the field of communication from ship to shore and from ship to ship. But if within the next few years a tragic accident should occur, even although radiotelegraph facilities might not have averted it, I suggest to the minister that he and his department would be in a much happier position, having regard to public opinion, if this amendment were allowed to pass.

Mr. CHEVRIER: Mr. Chairman, I have looked carefully at the amendment proposed by the hon. member for Vancouver North. While there is some merit in the proposal, I must oppose it, for the following reasons.

It has already been stated by myself during the course of this discussion that the amendments to the Canada Shipping Act were given careful consideration by a special committee set up in the Department of Transport. It was a committee of experts and heads of various branches having jurisdiction over certain parts of the act. The committee heard representations from various associations, unions and groups across Canada. One of these associations was the commercial telegraphers union, Marconi section. They presented a brief having to do with amendments to the act in connection with radio, radiotelegraphy and the like, and there was no such representation as that which has been brought forward at this time.

There is sitting at the present time in London an international convention known as the convention for the safety of life at sea. That convention is considering amendments to the radio sections of the Canada Shipping Act, as well as to the safety sections of the act. Canada is one of the representative nations at the convention, and in all probability will be a signatory to it. I would hesitate to recommend amendments to the act when I do not know the recommendations to which in all probability Canada will be committed. I believe it is more in accordance with practice, and certainly with custom, to wait until those recommendations have been agreed upon. It may be that they will contain an amendment such as the one now suggested. It may be that there will be a complete revamping of the section. Until I am in possession of those recommendations I would hesitate to accept this amendment.

There is another reason which should be given consideration, and that is that the amendment has the tendency of materially strengthening the act. I presume there could be no complaint about that, other than the fact that there is a group of owners of certain vessels which are not equipped with radio apparatus and equipment; and it might very well be that this would work a hardship upon those people. I believe they have the right to expect that until the recommendations of the convention for the safety of life at sea have been brought in, no changes which would materially affect them, such as the amendment now offered, should be made. For those reasons I feel I should oppose the amendment.

Mr. SINCLAIR: With all due deference to the minister, I suggest the answer he has given does not answer the point at all. I do not know why we should wait for the recommendations of an international convention before strengthening our own act so far as the coast of British Columbia is concerned. I have mentioned that the present word "place" would apply to little fishing

towns such as Lund, Egmont and Alert bay, and this should be sufficient to end the controversy.

To say that some international convention may bring in other regulations is not enough. I admit that some companies might be forced to install radio apparatus; but I should think we ought to consider the hardship which might befall two or three hundred passengers on a ship who may be facing a watery grave, and not the hardship to shipowners. The small cost of installing radiotelegraphy sets on these ships, as is done on Canadian National and Canadian Pacific ships, should not be considered as an obstacle.

For these reasons I suggest we should have a division on this matter.

Mr. MacINNIS: May I say another word before the amendment is voted on. My opinion is that the minister's argument as to why he cannot accept the amendment is so weak that it would have been better left unsaid.

Mr. CHEVRIER: Somewhat like the hon. member's speech of a moment ago.

Mr. MacINNIS: No, not at all. In my case, what was required to be said had already been said. But, as has been pointed out by the hon. member for Vancouver North, I can see no reason why we should wait upon a convention or a conference in London. The minister has said that he does not wish to do anything until that conference makes a decision. But, suppose the conference does not deal with this matter at all so as to safeguard lives on ships plying on the Pacific coast, are we to leave it at that? Are we not going to safeguard life unless a convention somewhere makes a decision?

The minister said that it might put some companies, now operating ships, to some expense.

Mr. CHEVRIER: I did not use the word "expense".

Mr. MacINNIS: I cannot understand anything else that would come up but the matter of expense. But has anyone ever heard of a proposal involving expense which employers have not opposed? It was only when laws were made and it became more expensive to disobey the law than to comply with it that we had safety in industry. The same will apply in this situation.

Mr. BLACK (Yukon): With all respect to the minister, it does not seem to me that the deliberations of any international convention considering the Canada Shipping Act in any way lessens the necessity for the amendment offered by the hon. member for Vancouver North. There is a crying need for this change. To allow ships without radiotelegraph to carry passengers is to court disaster and to endanger the lives of thousands of passengers. This is going on every day and every night along the coast of British Columbia. The danger might be largely done away with if the minister would consent to the amendment and if the committee were to adopt it.

Why should the ships of some companies see fit to carry radiotelepgraph, if it is not necessary? They know it is necessary; I have been on those ships when it has been called into play. They have had to use it, both for their own safety and for the safety of other ships. Why toy with the question because someone in London is going to think it over? Let us now, in committee of the House of Commons, deal with it and thereby lessen the danger to the lives of thousands of people.

Mr. HAZEN: I am not prepared to support the amendment without knowing more about it. It may be that on the Pacific coast some such provision is necessary. Although my knowledge in the matter is not complete, I doubt whether an amendment of this kind is required along the coast of the bay of Fundy, or perhaps in some other parts of the maritime provinces. Until I have more light on that point I am not prepared to support the amendment. I know British Columbia has a long coastline; along the bay of Fundy our coastline is comparatively short. Unless there is some clear definition of the expressions "place to place" and "public harbour" I would not be prepared to support the amendment.

Mr. SINCLAIR: Perhaps I can answer that objection. It would not apply to the bay of Fundy at all, because there are certain specific limitations. This section does not refer to every passenger steamer. It refers to a passenger steamer with 50 or more passengers which goes more than 200 miles—and certainly I do not think you can take a journey like that on the bay of Fundy—or a passenger steamer carrying more than 250 passengers and going more than 90 miles, or finally the large one carrying more than 500 passengers and going more than 20 miles. I think that would be just as desirable in the bay of Fundy and around Nova Scotia as on the British Columbia coast.

Mr. LANGLOIS: I am not very well versed in the coastal trade on the Pacific ocean, and therefore I cannot understand the full meaning of the amendment before the committee. Will the minister or the hon. member for Vancouver North tell the committee what class of ships will be affected by this amendment?

Mr. CHEVRIER: All those mentioned in section 406, subsection 2.

Mr. LANGLOIS: As I understand the amendment, it substitutes for the word "place" the words "public harbour". I think section 539 of the Canada Shipping Act defeats the purpose of the amendment. Under that section the governor in council may declare to be a public harbour any area covered with water. Section 593 reads:

(1) The governor in council may, by proclamation,

(a) declare to be a public harbour any area covered with water within the jurisdiction of the parliament of Canada, and such proclamation shall define the limits of the harbour so proclaimed; and

(b) extend or restrict the area of any existing public harbour in Canada.

(2) Upon such proclamation being issued, all statutes, rules and regulations affecting such public harbours shall apply thereto as so extended or restricted.

Mr. SINCLAIR: Among the public harbours on the coast are Vancouver, New Westminster, Victoria, Nanaimo, Port Alberni and Prince Rupert. That control is very much in the hands of the crown under this act. Certainly I do not think the minister would declare that little fishing camps and logging camps should be officially designated as public harbours. The coastal traffic in British Columbia is much heavier than anywhere else, because there are no roads along the coast, and this creates a great volume of coastal passenger traffic. The amendment refers only to coastal passenger steamships; it does not refer to deep-sea steamers or deep-sea cargo ships.

Mr. CHEVRIER: In case there might be a misapprehension as to the number of public harbours on the west coast I should like to have this matter clear on the record. There are some 600 proclaimed public harbours in Canada, the following being on the west coast:

Bamfield Creek	Nanoose
Bull Harbour	Ocean Falls
Chemainus	Pender
Comox	Powell River
Crofton	Prince Rupert
Gibsons Landing	Quadra
Horseshoe Bay	Snug Cove
Ladysmith	Squamish
Nanaimo and Departure Bay	Ucluelet Arm
	Victoria

I do not want to repeat the reasons I gave a moment ago in objecting to the amendment. I think I should say that the hon. member for Vancouver North was kind enough to discuss his amendment with me before he brought it down. I in turn discussed it with my officers and they repeated to me what I have already put on the record, namely, that they had given consideration to the brief of the telegraphers' association from the west coast and had reviewed the amendment in the light of what has been said, but their advice to me is that it should not be accepted. I have to give the committee the benefit of that advice.

Mr. STUART (Charlotte): As this amendment affects boats in the bay of Fundy—although I am not sure at the moment how many will be affected—and the amendment would impose added expense on boatmen in the bay of Fundy, as well as making necessary added inspection by officials of the department, I wonder if it could not stand until tomorrow so that hon. members who are interested could look into it and decide whether they wanted to support it.

Mr. CHEVRIER: I am in the hands of the committee, but this bill has been up at least four times, and I would like to get it through today if I can. However, if it is the wish of the committee to go on discussing it, I am in the hands of the committee.

Mr. HACKETT: Let us vote on it.

Amendment negatived: Yeas, 24; nays, 35.

Section agreed to.

Schedule agreed to.

On the title.

Mr. CHEVRIER: There are one or two amendments I should like to make, and I think this is the stage at which to make them. I understand that I must have the consent of the committee to make them at this stage, but I think they are amendments which will commend themselves to hon. members. This one arises out of the discussion which took place the other evening with regard to sailing ships. The amendment is:

Amend clause 1 of Bill 300 by deleting subclause (9) and substituting therefor the following:

(9) Paragraph eighty-nine of the said section is repealed and the following substituted therefor:

"(89) 'Sailing ship', except for the purposes of the load lines rules, means a ship propelled wholly by sails, and a ship solely employed in fishing not exceeding one hundred and fifty tons gross tonnage, provided with masts, sails and rigging sufficient to allow her to make voyages under sail alone, and that, in addition, is fitted with mechanical means of propulsion other than a steam engine."

Mr. FOURNIER (Hull): I move accordingly.

Mr. SINCLAIR: This does not cover British Columbia fishing vessels because they are not equipped with masts and rigging and they do not use sails. When the hon. member for Queens-Lunenburg raised the question a week ago with regard to his fishing schooners, I gave him my sympathy, never assuming that this would be so inclusive as to bring in even the fishing boats used on the British Columbia coast. A ship under 150 tons would cover most of our coastal fishing fleet, but to specify that they must have masts and sails would not describe anything but the odd Indian's fishing vessel.

Mr. CHEVRIER: My information is that the definition includes fishing vessels not only on the east coast but on the west coast, provided that they have sails. That has always been the practice.

Mr. GIBSON (Comox-Alberni): If I may come to the assistance of the hon. member for Vancouver North, practically all our vessels on the Pacific coast have to have a mast for the purposes of loading cargo, and it would only be the part of wisdom for a boat to have a piece of canvas around the place if they happened to drop a propeller or something of that kind. My opinion is that the amendment will meet the case on the Pacific coast as well as in the east.

Mr. SINCLAIR: The last phrase of the amendment says that the vessel must be capable of moving under sail. It is all very well to have a small piece of canvas around, but that would not, on the mast of a big seiner, sail it very far.

Mr. CHEVRIER: That part of the definition is not changed from the one they are now operating under. I will read the original definition of sailing vessels:

> "Sailing ship" (except as may be provided under the load lines rules) means a ship propelled wholly by sails, and includes a ship not in excess of one hundred and fifty tons, gross tonnage, provided with masts, sails and rigging sufficient to allow her to make voyages under sail alone, and which, in addition, is provided with mechanical means of propulsion other than a steam engine.

They are operating under that definition now. This change is being made to come to the assistance of people on the east and west coasts, so that they will be exempt from steamship inspection.

Mr. SINCLAIR: I am glad to have the assurance that our big boats need only put a piece of canvas on their main cargo boom to qualify as a sailing vessel.

[Mr. Chevrier.]

Mr. LANGLOIS: Under the new definition of sailing ship we are creating a new class of ship, as the minister assured us the other day, following the report of Mr. Justice Cannon. I take it that fishing vessels under 150 tons which are not equipped with sail will also benefit from being in this new class.

Mr. CHEVRIER: No; we are not creating a new class, but we are exempting fishing vessels from steamship inspection, for the reasons I gave a moment ago. Amending the definition is an entirely different thing from creating a new class.

Mr. LANGLOIS: I am afraid the minister misunderstood me. Is it not correct that, following Mr. Justice Cannon's report recommending a new class in the future for ships under 150 tons gross tonnage, irrespective of the trade in which they are engaged, fishing boats will be able to benefit from being in this new class created for ships under 150 tons?

Mr. RICHARD (Gloucester): In what class does a ship come that is smaller than 150 tons and is not equipped with sails but is propelled by mechanical means other than steam?

Mr. CHEVRIER: It comes in the class provided for ships of less than 150 tons.

Mr. LANGLOIS: This is the class I had in mind.

Mr. RICHARD (Gloucester): Does it require inspection?

Mr. CHEVRIER: Not as strict.

Mr. MacINNIS: Does the amendment just moved by the minister restore the old section as it was?

Mr. CHEVRIER: For fishing vessels.

Mr. MacINNIS: For fishing vessels only?

Mr. CHEVRIER: Yes.

Mr. MacINNIS: In reply to the hon. member for Vancouver North I would say that the amendment is in the present act with regard to sailing vessels.

Mr. CHEVRIER: What I said or intended to say was that the greater part of the definition contained in the amendment was contained in the old one. I was saying that in answer to my hon. friend's contention that there would be a great change so far as masts and sails are concerned.

Mr. MacINNIS: The hon. member for Comox-Alberni said that all that would be required for a ship to qualify would be to have a mast and a piece of canvas. But I would point out that the amendment moved

by the minister calls for masts and sails, not a mast and a sail. Consequently the easy optimism of the hon. member for Comox-Alberni is not justified.

Mr. GIBSON (Comox-Alberni): I appreciate at times my hon. friend's analytical mind, but I had not noticed that masts and sails were in the plural. The average ship on the Pacific coast has one mast, and the average seine boat there would not start out to sea just with sails; in that case it would never get there. The idea of a sail is to bring it back home in case of trouble.

Mr. CHEVRIER: There is nothing to the point that masts and sails are in the plural, because this refers to a ship employed in fishing.

Mr. STUART (Charlotte): Even the seiners fishing offshore, nine out of ten of them, would have what is called a riding sail, for protection. I have seen many boats come in using only a quilt for a sail. If you have plenty of wind it does not take much to bring you home.

Mr. SINCLAIR: This is perpetuating an old description perhaps suitable to the east coast fleet. I do not see why in 1948 the big modern fishing vessels of the British Columbia fleet, powered by diesel engines, should be described as sailing vessels. Why not get a better description of the west coast fishing boats?

Mr. MacINNIS: What were the arguments for making this change?

Mr. CHEVRIER: The recommendations of the Cannon commission, which reported on small boats.

Mr. WINTERS: I wish to thank the minister for reconsidering this matter and bringing in this amendment, which will better serve the fishing fleet in my constituency. My only comment is that the 150 tons gross tonnage might not be large enough at the time to cover larger schooners. If it had been 150 tons registered tonnage, I think it would have served them better. At any rate I think the minister will keep an open mind on this, and if we need the increased tonnage we will seek it at an early day.

Mr. CHEVRIER: I have another amendment to propose. Perhaps it will be of assistance to the hon. member for Vancouver North.

The CHAIRMAN: Shall we carry the amendment which is now before the Chair?

Amendment agreed to.

Mr. CHEVRIER: I should like to add another section to the bill which would read as follows:

Subsection 9 of section 1 of this act shall come into force on a date to be fixed by proclamation.

Mr. HACKETT: So sailing ships may never sail.

Mr. CHEVRIER: Will my colleague, the Minister of Public Works, be good enough to move the amendment?

Mr. FOURNIER (Hull): I so move.

Mr. CHEVRIER: The object of the amendment is to give those who will be affected by the new definition some time to get ready. After the matter has been under consideration for some time the effective date of the section would be proclaimed.

Mr. SINCLAIR: This I suppose is to give the big fishing boats time to buy the small piece of canvas referred to by the hon. member for Comox-Alberni.

Mr. HACKETT: As I understand it, the effect of the amendment is that subsection 9 of section 1 shall not come into effect when the bill itself does.

Mr. CHEVRIER: That is right.

The CHAIRMAN: Shall the amendment carry?

Mr. LANGLOIS: Mr. Chairman, I am not worrying so much about the time which will be given to these ship owners to get their ships in shape according to the new regulations, but I hope the department will not decide to put them into force in the middle of the navigation season. I trust they will wait until the beginning of the season to do that.

Mr. CHEVRIER: That is the intention.

Amendment agreeed to.

Mr. CHEVRIER: I still have a further amendment, and this is the last one. It refers to sections 118 and 118A of the act. If the committee will look at page 4, clause 6, they will see that clause 6 of the bill repeals sections 118 and 118A. It is still the intention to repeal sections 118 and 118A and to substitute therefor the following:

118. Every British subject who—

(a) served as as master of a home-trade, inland waters or minor waters sailing ship of over ten tons, gross tonnage, fitted with mechanical means of propulsion other than steam engines, before the first day of January, one thousand nine hundred and forty-eight, for a full period of twelve months within the ten years immediately preceding the date of his application for a certificate of service;

(b) produces satisfactory evidence of his sobriety, experience, ability and general good conduct on board ship; and

(c) passes the prescribed examination;

shall be entitled, on payment of the prescribed fee, and according to the waters served in, to either a home-trade, inland waters or minor waters certificate of service as master of a steamship of over ten tons, gross tonnage, and not exceeding one hundred and fifty tons, gross tonnage, and not carrying passsengers. Such certificate shall not be valid on tugs.

Mr. FOURNIER (Hull): I so move.

Mr. HACKETT: Will the minister explain the difference between his amendment and section 6 of the bill?

Mr. CHEVRIER: The object of this amendment is to provide for those operators of small vessels such as the goelette which my hon. friend had in mind the other day. If the present bill is allowed to go into force, then the operator of a small vessel will have to undergo a severe test, a severe examination to get a certificate, which in all probability he will not be able to do because he has not the facilities. Therefore the proposal, by the amendment, is to give to masters now operating these small boats a certificate, so that they will not be put out of business thereby.

Amendment agreed to.

Title agreed to.

Mr. HACKETT: Will the minister say whether any decision has been reached about the line which defines inland waters, and whether or not Ellis Bay, and the other port, the name of which escapes me, were included within the description?

Mr. CHEVRIER: The matter was discussed the other evening, and the decision arrived at was to leave the definition as it was, namely, that it would be from a point extending from Cap des Rosiers to the west tip of Anticosti island, and then to a point on the north shore, the name of which I have forgotten at the moment. It was thought that if it were extended easterly that would be including too much territory. The extension is already some 100 or 120 miles more than the original definition called for.

Bill reported.

Hon. LIONEL CHEVRIER (Minister of Transport) moved the third reading of the bill.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, I wish to discuss sections 11 and 40 of the bill. Incidentally may I say I am grateful to the house for giving me this opportunity. I intend to move an amendment which, if carried, would delete these two sections.

[Mr. Chevrier.]

I am going to ask the house to direct its attention for a few moments to the exact purport of these two extraordinary sections. Section 11 is in these terms:

The minister may, if he thinks fit, and upon such conditions, if any, as he thinks proper to impose, exempt any ship from any requirement contained in sections one hundred and thirteen, one hundred and fourteen, one hundred and thirty-two and one hundred and thirty-three, or dispense with the observance of any such requirements in the case of any ship, if he is satisfied that that requirement has been substantially complied with in the case of that ship, or that compliance with the requirement is unnecessary in the circumstances of the case, and that the action taken or provision made as respects the subject matter of the requirement in the case of the ship is as effective as actual compliance with the requirement.

Section 40 is—

Mr. SPEAKER: I am sorry to interrupt the hon. member; but on the third reading, as on the second reading, hon. members are not allowed to discuss the clauses of the bill. That should be done in the committee stage.

Mr. HACKETT: But I am offering an amendment to delete those two clauses from the act, and I submit with great deference that that is a competent procedure on the third reading of the bill. I would point out to the house that those two sections are a challenge not only to law and order but to the basic traditions of our political system and to the supremacy of the law and of parliamentary government. In effect, they state that what is now the law ceases to be the law if some individual decrees that it shall not be the law. It is an attack upon the rule of law and it is a perversion of parliamentary government. It as an echo of the bill that was passed earlier this session, the act respecting the conservation of foreign exchange, when the minister in charge of that bill was given powers that enabled him to legislate for the country at large and to determine that laws in force had ceased to be effective.

In this case there is not even the alleged reason of urgency. We have listened to arguments advanced in support of legislation which has been brought forward in the house resting upon a doctrine of urgency or emergency. That doctrine, for the time being, was seriously challenged the other day by a judgment of a court which held, that, no emergency having been established, the legislation was entirely beyond the competence of parliament to enact.

Mr. CHEVRIER: But there is urgency here.

Mr. HACKETT: I challenge that statement. There has been no evidence of urgency and much less of emergency. It has been stated that it would be more convenient if the officers of the department over which the minister presides were permitted to deal rather summarily with situations which heretofore came under the law. I refer now to section 40.

Section 40 says in substance that the seventh part of the Merchant Shipping Act shall not apply whenever the minister, on the recommendation of the chairman of the board of steamship inspection, so decrees.

The board of steamship inspection is a creature of the minister and is in all probability comprised of gentlemen who are in the service of his department. I shall be glad to be corrected on this point if I am in error, because I have not yet been able to ascertain exactly who constitutes this board of steamship inspection, but I have noticed that its members are appointed by order in council, and it is fair to assume that they would in most cases be in complete harmony with the government and in all likelihood under the dominion and instructions of the minister.

Let us look for a moment at the seventh part of the shipping act. It deals with many aspects of shipping, and it deals with those questions which affect humanity most, that is the safety of those who go down to the sea in ships. In fact, the whole seventh part comes under the general heading of "safety". It includes in the act fifty odd pages of the statute and it consists of something like 125 sections—116 sections to be exact.

If this bill becomes law it will mean that that entire seventh part of the Canada Shipping Act will cease to have the effect of law and may be suspended, deleted, changed or otherwise dealt with as the minister sees fit, without notice and without reason.

Among the items which may be dealt with in this summary way are the following: steamship inspection service; safety and inspection certificates; provisions as to safety convention ships not registered in Canada; limited and other voyages; overloading passenger ships; safety precautions; radio equipment; inspection of radiotelegraph apparatus; radio certificates; load lines and loading; special provisions to load line convention ships not registered in Canada; general provisions to loadline convention ships not registered in Canada; loading of timber; changes affecting certificate; safety of ships, passengers and crew; dangerous goods; ships alleged to be unseaworthy; inspection of ships' tackle; gangways and dock lines; exceptional vessels and exemptions from inspection; fees for inspection; detaining for non-compliance or other causes; discretionary application of safety of load line conventions, sale of ship to realize fines imposed; disposal of penalties and limitations of proceedings; general penalty; special application of this part.

This broad realm of shipping legislation in which, as the result of centuries of experience, these provisions have been embodied, first, in the British act and, subsequently, in our own act, shall cease to have the effect of law and be binding upon the people at large only so long as it meets with the approval of the minister. The minister, in making his statement to the house with regard to section 11, said that a similar provision is found in the British act and he suggested that was the reason to introduce such a measure into the Canada Shipping Act. I draw to his attention that, while the language of the British act does not differ materially from that of the Canadian act, there is this great difference: Whereas in the Canadian act discretion is left with the minister, under the Merchant Shipping Act of the United Kingdom the discretion rests with the board of trade.

I do not think it is necessary at the present time to enter into a lengthy discussion of the origin and function of the board of trade or the part which it plays in England. It is one of those hoary institutions that go back almost to the time King Canute. It is one of those institutions that has grown up in that seafaring country. It is associated in the minds of many with Trinity House, Deptford shipbuilding yards and other like agencies which were the product of initiative, enterprise and experience that sent Englishmen to the seven seas. They were not administered by civil servants or by persons who found themselves in relation to authority in the position that our departmental officials find themselves here. They lived on the banks of the Thames, in that harbour of ten thousand masts, and saw its commerce and trade pulsating day by day. They were of the life, of the essence of that great humanizing and colonizing agency that, through the centuries, made of Britain what she has been and is. To liken the minister—who, with all his grace and charm is but a passing phase on the political scene—to an institution that has been in existence for five, six, or seven hundred years is, I think, to show a lack of sense of proportion.

We pride ourselves on living in a country which acknowledges the rule of law, a country

in which everyone is subject to the law, and is supposed to know the law and is dealt with as if he knew the law. Yet under these amendments, under sections 11 and 40 of the bill, the law may be changed without notice and without reason at any time.

My hon. and genial friend, the minister of the department, said there is urgency. What urgency is there? This law has been the law since 1934 and it embodies enactments which were the law in Canada for a great many years before that. The laws which are affected by section 11 have to do with the certification of masters, mates and engineers, and the qualifications of men who are operating ships; it is important to the people who ply the trade of sailors and seamen and to the people who journey by sea, that there should be the utmost confidence and reliability at all times in those to whom they confide their lives every time they put out to sea. Yet the minister makes this suggestion. Because, during the war when there was a shortage of men and when there was surge of cargoes which had to be taken across the deep that our fighting forces might be kept effective, hazards had to be taken and life and liberty were in the balance—because these things were done then, the minister suggests that today we should depart from that age-old rule of stability of the law.

We come to section 40, concerning which there is no reason other than the convenience and the desire of a small departmental group to be absolute in their mastery of situations. What right has any man in any department to determine, without notice, how a ship shall be loaded or unloaded? What right has he to say how a passenger ship shall be equipped with lifesaving devices and others?

We talk here about our origin and about the majesty of the law. Not infrequently speakers are inclined to recall how a British sovereign summoned his judges together. If my memory serves me well, it was James I, in 1608—the very year in which Champlain came to the rock of Quebec—who did that. The judges of the court of king's bench of England were summoned one Sunday morning to ascertain if they would do the bidding of the king. They all, with the exception of one rather short, thick-necked, florid individual, bowed their heads and said they would. But one, Coke, who has achieved immortality, said it was not competent for anyone, even the king, to interfere with the courts. He stated a principle which has been accepted wherever institutions such as ours prevail, that is that all men are subject to the law at all times, namely, that it is not competent to anyone at any time to change or to interfere with the law.

Yet by this bill the house is saying that fifty pages of a statute, upon which thousands of people depend for their safety may be stripped from the statutes; and the penalties which have heretofore attached to those who disregard these humanitarian provisions will cease to be effective.

We talk here frequently about communism and about the encroachments of communism upon our institutions. I suggest that we would do well to turn our eyes inward and look at the depredations going on in this very House of Commons where greater encroachments are being made upon the liberty of the subject and upon the stability of institutions built up through years of civilization than could ever be readily achieved by the activities of any foe from outside. We appear to have forgotten entirely what it cost to make of the law something durable, to make of the law something that applies to all men, something that could not be set aside, something that everybody was bound to respect, the integrity of which, both in its application and in its making, were beyond challenge.

I therefore move, seconded by the hon. member for Saint John-Albert (Mr. Hazen):

That sections 11 and 40 of this bill be deleted.

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Speaker, the object of the amendment moved by the hon. member for Stanstead (Mr. Hackett) would be to disapprove that which the house has already approved when it passed the two sections to which the hon. member refers, namely sections 133A and 488A. In other words, it would be a backdoor method of striking out sections already approved by the house.

I fail to see why the hon. member should be exercised at this stage about these particular sections. I fail to understand why he has selected these two rather than many others—several others, at least—of a similar nature which were brought in last session. I can think of an amendment to the Railway Act which I brought before the house, which had to do with an order in council arising out of the war emergency and which the house saw fit to approve. I can think of one or two like amendments brought in by the Minister of Labour (Mr. Mitchell), which used practically the same wording as the orders in council passed during the war years.

Why my hon. friend should, because of a high legal principle, select these two sections in the act, is beyond me; because if the

principle he advocates is a good one, then it was a good one in the other instances to which I have referred.

My hon. friend made light, as he had a perfect right to do, of my explanation of the fact that this section 133A can be found in the Merchant Shipping Act of the United Kingdom. Not only can the section be found in that act, but the exact wording is used, with the exception of the substitution of the expression "board of trade" for the word "minister". I do not know whether my hon. friend is aware of the fact that the board of trade has now become the ministry of transport in the United Kingdom. So that over there the ministry of transport has the same rights and the same privileges as the Minister of Transport in this instance, on the advice of the steamship inspection board, seeks from the house.

Then it is set out that anything done by the minister under this section will be laid on the table of the house. I do not wish to go over the arguments I have already given, but I would say to the hon. member that this matter is urgent. Not only is it urgent in all parts of Canada where the shipping act applies, but particularly in his own province. If his amendments were to carry, there are various groups in the province of Quebec that would be seriously affected.

It has been found that shipowners have experienced extreme difficulty in securing drydock facilities for annual steamship inspection, because of the greater number of ships we now have. If these two sections are not allowed to remain in the act, ships would have to be tied up, not for weeks but for months. There could not be annual inspections of hulls, machinery and equipment as required under the Canada Shipping Act. The steamship inspection board can extend that inspection from one year to two years, if it is of the opinion that hulls, machinery and equipment are in seaworthy condition and safe to sail.

There are all sorts of difficulties arising in the manning of ships in connection with certificated officers and engineers. In order to keep ships moving, it is essential that these two sections be allowed to stand as they are. I would refer to some examples which would affect the position in my hon. friend's province.

There have been repeated occasions during the winter months when the *Lapointe* and the *McLean* had to go to the assistance of people who were in difficult straits on the north shore. Had it not been for these two sections, the ships could not have gone and could not have taken the fuel, provisions and mail that these people on the north shore of the province of Quebec were awaiting.

The Magdalen islands have found themselves in similar difficult conditions; but because of these two sections it has been possible to send assistance and relief to the people of those islands, by exempting from part VII of the act certain of the necessary requirements.

I turn now to the province of Ontario where, because of this particular section, especially 488A, the extension of the summer and intermediate seasons to October 31 and December 1 for tankers between Toledo and certain other ports provided for hundreds of thousands of gallons of fuel oil. We know what the position with reference to fuel oil was last winter and what it will probably be again in the coming season. Had it not been for the relaxation of these requirements, fuel oil would have had to come by other than water transportation.

I could point to a number of occasions when paper products were sent to Corner Brook. Had the requirements been put into effect, ships would not have been able to take paper products to that part of Newfoundland. Operations under this amendment would be principally as follows:

1. Extension of certificates where lack of drydock accommodation prevents inspections being completed.

2. Acceptance of equipment considered sufficient pending delivery of required equipment on order.

3. Acceptance of surveys by competent persons considered equivalent to steamship inspections.

4. Permits for ships for occasional voyages beyond the limits of the inspection certificates.

5. Permits for ships, recently operating under certificates other than Canadian, to allow continuous service until validity of existing certificates ceases.

6. Increases in loading capacity of certain ships to carry bulk cargoes, ore, grain, coal and oil, during summer season.

7. Permits for uncertificated engineers, pending examination for certificates.

I suggest that there is every reason why these two sections should be allowed. I would point to the experience in the United Kingdom where similar sections exist and where, by virtue of the commonwealth agreements, they are bound to respect our regulations as we are bound to respect theirs.

I say, finally, that if this amendment were allowed it would create great hardship to those

operating under the act, and particularly ships of this country would be tied up and would not be able to move with the dispatch that they should.

Mr. D. KING HAZEN (Saint John-Albert): Mr. Speaker, may I speak or is the debate closed? The minister has listed the circumstances under which he has the power to evade or change the law.

Mr. CHEVRIER: May I just make this interruption? The minister has the power, on the recommendation of the board of steamship inspection.

Mr. HAZEN: He has the power, on recommendation of the board of steamship inspection, to make changes that are not provided for in the act. Everyone in this chamber is sent here by his constituents to make the laws of this land. Surely we are astute and capable enough to draft a bill that would cover all the circumstances the minister has just mentioned. By permitting the minister to change the law under certain circumstances, we are not living up to our constitution or parliamentary practices.

I admit that we have adopted this procedure on many occasions, but I do not think it can be justified on the grounds of convenience. When we come to draft a bill, every effort should be made to put in it the provisions we want and not put in legislative permission to the minister to change the act under certain circumstances.

Mr. CHEVRIER: It is done in that way in the United Kingdom.

Mr. HAZEN: I do not think that justifies it.

Mr. FLEMING: They have a socialist government over there.

Mr. CHEVRIER: That was 1906.

Mr. SPEAKER: The amendment moved by Mr. Hackett, seconded by Mr. Hazen, seeks to amend the bill as reported from the committee of the whole. Such an amendment cannot be made on the motion for third reading of a bill. The proper course would be to move that the order for third reading be discharged and the bill referred back to the committee of the whole for reconsideration. I refer the house to Beauchesne, third edition, citations 710 and 711, and May, thirteenth edition, at page 422.

I therefore rule the amendment out of order.

Mr. MacINNIS: Mr. Speaker, I realized that the amendment was out of order and I was wondering how the debate was being carried on. As the motion for third reading has been reopened by unanimous consent, I think Your Honour should consider not having third reading now and leave it so that the hon. member for Stanstead (Mr. Hackett) could put his amendment in proper order.

Mr. CHEVRIER: Mr. Speaker, I am afraid I shall have to object. I do not think the hon. member for Stanstead can say that he has been treated badly. Third reading was passed and I think it was at my own suggestion that he was given the opportunity to revert back to the order of the day. The hon. gentleman is one of the outstanding lawyers in this country; he is president of the Canadian bar association and I am sure that, after the time he has spent on the amendment, it could not be improved a great deal. I submit with deference that we should proceed.

Mr. MacINNIS: I do not know just what the hon. member for Stanstead wishes to do about the matter. I understand that a bill cannot have third reading at the same sitting so he can still stop it.

Motion (Mr. Chevrier) agreed to on division, bill read the third time and passed.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Friday, May 21, consideration of the motion of Hon. Douglas Abbott (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. Macdonnell (Muskoka-Ontario), and the amendment to the amendment of Mr. Coldwell.

Mr. J. L. GIBSON (Comox-Alberni): Mr. Speaker, I am rising at the earliest possible time in the budget debate in order to call the attention of the Minister of Finance (Mr. Abbott) and his colleagues in the cabinet to matters which are of great concern to the people of British Columbia in the hope that, before the budget is finally passed, it may be found possible by the federal government to take steps to alleviate the financial problems which confront my province; also, may I say, to dispel the rankling sense of injustice which is felt by my people of British Columbia as the result of being the highest taxed province in the Dominion of Canada.

Of course the house is familiar with the many natural and climatic advantages of British Columbia which are of themselves of tremendous value to our economy. There are many wonderful features which result in our having the highest per capita income in the dominion, but those same features are not wholly economic assets. Equable climate and high wages have been a lure that has drawn tens of thousands of people from the other

provinces to our Pacific slopes. Younger people have gone there in a search for high wages and steady employment, while older people go there to bask in the sun in their declining years.

This rapid increase in our number can, in the long-term view, be considered an economic asset to our province, bringing as it does an increase in capital values of real estate and business concerns; but it will be realized by hon. members that sudden strain has been thrown on our provincial and municipal governments in having to provide schools, hospitals, social and domestic services to this large number of people.

From 1945 until the present these costs have been met from the provincial surplus account which was built up during the war years, when public expenditures were deferred in the interests of Canada's war effort; and I might tell the house that this surplus account of approximately $42,000,000 has now been entirely invested, either in deferred maintenance of our public works or in capital construction costs, which have built additional schools, hospitals, roads and university accommodation. In passing, may I say to hon. members that the University of British Columbia has increased its enrolment from 3,500 before the war to approximately 9,000 at the present time. These figures in themselves will give some idea of the sudden increase in the magnitude of the problems which this transition period has brought to my province.

I know the Minister of Finance may harbour the thought that the provincial authorities might have been wiser to retain part of this surplus as an emergency fund to bolster the revenue account in the event of an emergency, which now in fact has arisen; but may I point out to him that British Columbia is still a great frontier, has always been a country where the terrain enforces large highway and railroad expenditures in order that services may be provided to our scattered pockets of population. Consequently, our bonded indebtedness is now as high as prudence would indicate was desirable; and I am sure, too, that, in view of his own policy of reducing indebtedness out of surplus, the Minister of Finance cannot quarrel with provincial authorities if they are guided by his own example and follow the same course.

I would like, sir, with your permission, to read an editorial from the Vancouver *Sun*, not that I myself fully endorse the conclusions which are drawn, but because I believe it is in the best interests of Canadian unity that the members of this house should know how Canadians in each section of Canada feel, to be aware of our prejudices and apprehensions, as well as our great loyalties and strengths. The editorial is headed "Hello Sucker!" and reads:

Texas Guinan had a word for British Columbia. Patrons of her night club used to be smilingly greeted with, "Hello, sucker!" British Columbia qualifies for that salutation from the dominion government on the basis of the price it pays for fiscal co-operation with Ottawa.

The Vancouver *Sun* has obtained the figures for the seven provinces which rent taxation rights to the dominion. Here they are for the year ending last month:

	Contributes to Federal Treasury	Receives in Return
British Columbia ...	$144,386,517	$20,289,281
Alberta	47,674,232	13,205,173
Saskatchewan	33,196,561	13,681,361
Manitoba	64,778,961	12,661,301
New Brunswick	23,987,722	7,821,817
Nova Scotia	29,087,722	10,033,372
Prince Edward Island	2,306,818	1,635,189

Mr. JOHNSTON: Has the hon. member the percentages?

Mr. GIBSON (Comox-Alberni): It is nice to live in Prince Edward Island. The editorial continues:

A little arithmetic shows what's happening. British Columbia is discovered to be paying 42 per cent of the federal receipts in exchange for 16 per cent of the federal rents. The three prairie provinces contribute $145 million and get back $39 million—while British Columbia contributes as much as all three of them combined and gets a little over half as much.

In fact, Ottawa's collection in British Columbia alone is enough to pay off all the seven provinces and still leave Ottawa a meaty profit of $65 million.

The figures explain why British Columbia is levying a sales tax while Ottawa luxuriates in surpluses. They also explain why British Columbia is demanding that Ottawa fulfil some of the vague social welfare promises made in the Green Book.

The agreement under which this province is being mulcted runs until 1952. British Columbia signed under strong pleas from the dominion government that uniform taxation policies were essential for postwar stability.

That will give the house some idea of what the average man on the street feels in regard to the dominion-provincial taxation agreement that our province entered into. Of course I would not be prepared to endorse fully a statement of that kind, because I quite appreciate there are two sides to every story and I imagine that the Minister of Finance or his parliamentary assistant will be speaking in the debate at a later stage. I would point out to my hon. friends that that editorial was not written by the *Globe and Mail* but came from the Vancouver *Sun*, which is very fair and has consistently supported this administration.

I know, sir, that the Minister of Finance can say with truth that these provincial receipts

from the federal government are only part of the complete story. He will point to family allowance payments, freight subsidies, public works expenditures, defence expenditures and a host of other federal spending within the provinces; but the fact remains that many of the residents of the one rich province which entered into the dominion-provincial agreement now feel that it was a sorry day for British Columbia when it agreed to bind itself with the other less wealthy provinces in an agreement with the federal government.

I may be asked, why did British Columbia enter into this arrangement? It must be admitted that there was no coercion used; but there was some very attractive bait held out and it was hoped that such a gesture from one of the so-called three wealthy provinces would set an example of co-operation and good will to Quebec and Ontario that might persuade them to make their contribution to Canadian unity and a more abundant life for all Canadian citizens, regardless of the province in which they happened to reside. I am sure that it was this feeling of good will and desire for higher standards of social services which prompted British Columbia's acceptance of the terms mutually agreed upon, plus the guarantee of minimum annual payments which would act as a floor to our provincial revenues in the event of an economic recession. Economic security seems to be the great goal in Canadian life today; but perhaps there is a valuable lesson to be learned there, by provincial governments as well as by individuals, that static security can be something for which we have to pay too high a price.

From the figures of provincial tax collections and receipts from the federal government, it can readily be seen that my province is making the highest per capita contribution to the federal treasury and receiving the least percentage of return. We receive approximately fifteen per cent back, compared with the next greatest contributor, Manitoba, which receives a return of approximately 20 per cent, down to the lowest—I exclude Prince Edward Island because I realize that there are special considerations affecting it—which is Saskatchewan, which receives a return from the federal treasury of approximately forty-one per cent of what it pays in, plus equal emoluments from other fields of federal expenditures. The situation can be stated perhaps more graphically on the basis of population. British Columbia, with approximately the same population as Saskatchewan, and most certainly with fewer members of parliament than Saskatchewan, contributes $124 million net to the federal treasury, while Saskatchewan contributes $19,500,000. I cannot refrain from admonishing my C.C.F. friends from Saskatchewan who sit opposite—sometimes I think they are in a happy economic fog—that they should be very careful before they make any attempts to try to eradicate private enterprise from British Columbia.

Mr. MATTHEWS (Kootenay East): Where did the fog come from?

Mr. GIBSON (Comox-Alberni): Not from here. The hon. members are trying to eradicate it all the time. If you do you will only be biting the hand that is assisting you, and you will also be attempting to kill the goose that lays the golden egg.

Mr. McKAY: I never saw one of these geese. What do they look like?

Mr. GIBSON (Comox-Alberni): Come to British Columbia and you will see.

Mr. KNOWLES: That is the goose the water runs off.

Mr. GIBSON (Comox-Alberni): I know the Minister of Finance will be quick to point out that certain actions by the federal government have caused to a degree British Columbia's high income; that our foreign loans have made possible the high levels of profit and employment in our basic industries, and, to a degree, I believe this point to be well taken. He will admit, I know, that exports from every other province have been benefited to a lesser or greater degree, as has British Columbia, by the same methods; but I would ask him carefully to study this vital point: most of our wealth in British Columbia is coming from our extractive industries; in other words, we are using up our capital assets at a time of high federal taxation, and we cannot retain enough of this wealth under our present deal to pay the cost of opening up our remaining frontiers to development, the building of vital roads and railway lines and other public works which will make our reserves of timber, coal, minerals and agricultural land accessible at an economic level of cost to enable us to compete on world markets, which we inevitably must do.

The majority of the members of this house come from the two great central provinces, and they would be less than human if they did not at times become impatient with us members from the maritimes, and the western provinces who come here to this national forum at Ottawa and speak of the handicaps under which we labour. We speak of freight rate inequalities and discriminations; we ask

for lower tariffs on manufactured goods; we ask for co-operation from these two provincial governments that have chosen to remain outside the co-operative brotherhood of the dominion-provincial agreements, and they are perhaps tempted to think we are never satisfied.

To you from the two great manufacturing provinces, I would say: We do not begrudge you the necessary tariffs to enable your people to keep busy supplying us primary producers with the manufactured goods we require; only this, do not forget that our products must be sold in the competitive markets of the world; our pulp and paper, our lumber, our wheat, fish and apples, these you do not consume in adequate quantities to keep our economies solvent; you must co-operate with us economically if we are to continue to protect you behind tariff walls. There is no need for me to point out to you that in British Columbia, as in the maritimes and indeed in all the provinces which are at present co-operating with the dominion government, our natural and cheapest sources of supply for all manufactured goods is in the United States, and indeed that, too, is the natural market for most of the products which we produce.

Under the present financial arrangements with the federal government, all would be well, Mr. Speaker, if the people of British Columbia were paying the same rates of tax as the less wealthy provinces; but in order to care for our increase in expenditures, due, as I pointed out earlier, to the great increase in population, it has been necessary to place an additional tax burden on the British Columbia residents, namely a three per cent retail sales tax. As hon. members will realize, such a tax is extremely repugnant to any taxpayer anywhere; but especially is it so in British Columbia where, as I have pointed out, our per capita tax is the highest in the dominion. Another unfortunate feature of such a sales tax is that it inevitably increases our cost of production and, to that extent, impairs our competitive position in the export markets of the world upon which we must, in a large measure, depend for our livelihood.

I know the Minister of Finance will reply that perhaps the British Columbia government has gone ahead too rapidly in the field of social security measures. In reply to this, and by way of explanation, I will quote from the speech of Premier Byron Johnson, given in the British Columbia legislature on March 5 of this year. Mr. Johnson said:

> At the time the Green Book proposals were presented to us, it was estimated by the dominion government that we would have a total of 16,670 old age pensioners on our lists by 1948. I find, however, that in October of last year there were 17,768 persons in receipt of old age pensions and that now, the beginning of 1948, there are on our rolls 21,305 recipients. This figure is expected to rise to nearly 25,000 before the end of the year.

Or, as you will note, Mr. Speaker, fifty per cent over the estimate presented to them at the time the Green Book was brought out by the federal authorities. I continue with Mr. Johnson's remarks:

> Since, due to climatic conditions, the bulk of internal emigration is toward the Pacific coast, British Columbia is placed in the position of making financial concessions through a tax agreement to what has been termed "less fortunate provinces," while at the same time being compelled to assume a very great share of the social service load of other provinces because of the emigration of their people to the coast... In short, 20 per cent of the new old age pension cases assumed during the last five months of 1947 were not really British Columbia cases in the true sense.
>
> There has been a similar rapid rise in the number of persons receiving social allowances; that is, persons who are classified as unemployables. During the years from 1943 to 1945, inclusive, the increase was approximately 1,000 cases a year; but in 1946-47 the case-load rose by 2,000, and during the present fiscal year it is expected to rise by nearly 2,000 more . . .
>
> In short, the cost of these three pensions alone has risen from $4,100,000 in 1945-46 to an estimated $8,900,000 in 1948-49, or by more than 100 per cent.
>
> The inequality that exists between provinces with respect to social services can best be illustrated when it is pointed out that, despite British Columbia's rise in population, the per capita cost of these services has risen from $1.60 in 1944-45 to $2.07 in 1946-47. This is in contrast to Saskatchewan, where the per capita cost has risen merely from 56 cents to 76 cents.

I think they must all drift out to British Columbia when they reach the age where they qualify for social allowances. I continue:

> Finally, in reviewing all social services, including both health and welfare, it was found that costs had risen from $9,300,000 in 1945-46 to an estimated $19,346,000 for 1948-49, or an increase of approximately $10,000,000 or more than 100 per cent.
>
> I do not think that anyone would suggest that curtailment of expenditures should take place in our social services. It seemed to me, therefore, that if the dominion government, by virtue of our withdrawal from the income, corporation, and succession duty tax fields could collect $139,958,000 from this province during the fiscal year ended March 31st, 1947, and pay back to the province approximately $23,000,000, or only 16 per cent of what they collected, it was reasonable to expect that the social security proposals of the Green Book should be implemented, if only partially.

These, Mr. Speaker, are the views of the Liberal Premier of British Columbia. I am sure that the Minister of Finance, if he were in his seat at the moment, and the parliamentary assistant to the minister who comes

from British Columbia, would both say that our premier is a man of unimpeachable integrity and sound business judgment.

Mr. JOHNSTON: They will be the last to do anything.

Mr. GIBSON (Comox-Alberni): I think the hon. member is getting a bit worked up. There is no point in merely urging complaints without offering some solution; and I shall try to keep my suggestions for budget revisions to orthodox practices, which I am sure are the only kind that our present Minister of Finance will accept, in any event. Let us first examine the 1947-48 surplus as reported by the Minister of Finance last Tuesday. He said it amounted to $650 million which, as he said, was a figure to gladden the heart of any minister of finance. In my view that was a very modest statement.

I am sure that Canadians generally will take encouragement from the fact that our heavy tax payments were not entirely dissipated by federal expenditure, but let me express my own personal views in regard to this surplus.

First of all, it was approximately $500 million more than was estimated by himself in conjunction with his financial advisers and experts, and this huge surplus does not, in my opinion, prove that they were bad guessers. It resulted almost entirely from the processes of inflation and merely reflects the fallacious over-confidence of the government that they would be able to control inflation in Canada.

Their inability to control inflation in Canada to the degree which they expected resulted in high costs, higher wages, higher provincial expenditures and provincial deficits, but in the case of the federal government the net result was a $500 million increase in the expected surplus.

This surplus, by no stretch of anyone's imagination or conscience, can be assumed to be solely the property of the dominion government; surely the provincial governments should have a little consideration shown them. I admit that when we retire federal debt we are repaying debts which every citizen in Canada owes; but surely when the senior government has a surplus and there is personal and municipal and provincial hardship because of conditions which created that surplus, then I submit that the guilty conscience of the finance minister should have spurred him to display "a humble and contrite heart" in consulting the provinces as to how a part of this huge and unexpected surplus could be used to mitigate the burden of more junior taxing authorities.

Despite what I have said regarding the apparent inequalities of British Columbia's tax payments, I appreciate the fact that the minister must treat all provinces, rich and poor, on the same basis, and I would not ask him to do otherwise.

This is what I suggest that he do immediately:

1. Set up a federal highway commission which would designate the highways to be considered as links in the trans-Canada highway system.

2. Pay in cash to the provinces twenty-five per cent of the capital and maintenance cost which they have spent on these highways during the past ten years.

3. Offer to contribute twenty-five per cent to the capital and maintenance costs of any such designated new highways if undertaken at any time, with the further proviso that such commission have authority to contribute up to 50 per cent of the capital costs of such federal highway construction, if undertaken at the instance of the federal government when surplus labour and material are available.

4. Make money available to provincial governments at cost of 2¾ per cent for construction costs of schools and hospitals, interest only to be deducted from the provincial grants for a transitional period of ten years, after that time amortization to start over a period of the next forty years.

5. An agreement with the provinces to be entered into which will guarantee a minimum return of twenty per cent of corporate and personal income tax collections in that province.

Mr. Speaker, the creation of such a federal or trans-Canada highway board is a step which I am sure would meet with the approval of every member of this house, as may be confirmed by reference to speeches made by members on all sides during the past years. The arguments are too numerous and too well known for me to repeat them at this time, but I know that every Canadian looks forward to the day when there will be a highway across Canada, from sea to sea, from Yarmouth in Nova Scotia to Tofino on the west coast of Vancouver island.

I advance these proposals to the federal government in the hope that they will give them serious study and consideration. Some means must be found to assist and guide our junior governments. It is idle to talk of 1941 provincial tax collections as a valid basis for discussion; since that date, great changes have taken place in productivity, population, and capital investment as between the various provinces and, moreover, we no longer are speaking of the same dollar. It used to mean 100 cents; its purchasing power in labour and materials is now only sixty cents.

In closing, Mr. Speaker, may I express the hope that this government will immediately re-examine the position of the provinces; and I am confident that, with tolerance, sympathy and understanding on both sides, a fair and reasonable compromise can be arrived at.

Mr. W. ROSS THATCHER (Moose Jaw): Mr. Speaker, first of all I should like to compliment the hon. member for Comox-Alberni (Mr. Gibson) on the speech he has just delivered. It was one of the best I have heard him give. I hope, of course, he will vote in the manner he spoke. If he does, I am sure he will vote against the budget which is before us today.

Despite what most members of the house probably think about the budget before us today, I am sure all will agree that last Tuesday evening, the Minister of Finance (Mr. Abbott) delivered a comprehensive and lucid statement. It is almost certain, I think, that this budget will reach a new high as an unpopular measure, and in view of that fact the minister is to be complimented on having had the personal courage to proceed with it as he did.

Having prefaced my remarks with that comment, I must say that in my opinion this budget is unnecessarily harsh. Seldom in recent years have the Canadian people waited for a budget with such eagerness, but I am sure that never in recent years have they been disappointed so thoroughly and completely.

In a nutshell, what does this budget report and what does it propose? It reports, in the first place, a surplus which is larger than all the surpluses which we have had, put together, since confederation. It reports, in the second place, that the recent year was as prosperous economically as we have ever had. Yet, despite these facts, the minister has the audacity to come to parliament, and suggest that next year Canadian taxpayers shall be given no relief of any consequence.

This group cannot concur with that recommendation. We believe that the rising cost of living has made it imperative that taxpayers, particularly those in the lower categories, shall be given tax relief at this time. If parliament refuses to grant this concession within the next few days, I think unnecessary hardships are bound to result.

I find the figures on the revenue side of the budget most revealing. Hon. members who heard the budget speech last year will remember that the minister said, as reported at page 2610 of *Hansard*:

> Behind us are the huge and difficult budgets of the war years.

"Behind us"; and yet during the recent fiscal year the minister collected in taxes from the Canadian people $2,630 million. During the last year of the war the government's tax revenues were only $2,374 million. In other words, in the past year Canadians were taxed more heavily by $256 million than in the last year of the war. I find it hard it reconcile that fact with the promise the minister gave last year that the huge budgets of the war years were behind us. The burden of taxation can be realized when we compare it with our taxes in 1938, the last year of peace. In that year our taxes were $516 million, or only one-fifth of their present level.

An hon. MEMBER: What about income?

Mr. THATCHER: I am talking about taxes. During the war years Canadians willingly paid high taxes and made many sacrifices. But the war has been over three years. I do not think it was ever contemplated that huge governmental taxes should roll forward indefinitely into the years of peace. Every member of parliament should realize that the people of Canada are aroused over the fact that parliament has not seen fit to give them some decrease in taxation at this time.

The expenditure side of the ledger is also disconcerting when you look at the budget. The minister reports little progress in reducing the cost of government. Last year the total expenditure amounted to $2,124 million, and in his budget speech the minister said, as reported at page 4057 of *Hansard*:

> We have striven to bring expenditures down and to keep them down.

Yet in the next breath he forecast, for the coming year, general expenditures amounting to $51,000,000 more than last year. Furthermore, he forecast that there would be additional expenditures to be announced later in the year. At a time when approximately twenty per cent of the national income is going into federal taxation, many Canadians are wondering whether the government is doing all that is possible to curtail its ordinary expenditures.

The minister informed the house that this year we shall have a surplus of $727 million. While we are on these surpluses, it is interesting to remember that last session the minister forecast a surplus of only $190 million. In other words, in his calculations he apparently made an error of $537 million. If he has made the same error this year, we shall have a surplus of over one billion dollars in the coming fiscal period.

Mr. MAYHEW: He listened to your gloomy forecasts of last year.

Mr. THATCHER: I must say that I agree with the principle of budgeting for a surplus in times of prosperity, with certain qualifications. On the other hand I want to say that this surplus has not been achieved by economies; rather it has been achieved, in large part, by imposing vicious indirect sales and excise taxes; by refusing the taxpayer any relief from excessive personal income tax; by failing to carry out an adequate system of social services; and by refusing to go ahead with such projects as were mentioned by the hon. member for Comox-Alberni, namely a trans-Canada highway, irrigation works in the west and things like that. I am sure this budget will go down in history as a monument to government neglect. I think the minister should not be too proud of the surplus he is showing us today.

However, after he achieved the surplus, most Canadians thought they would be given some tax relief, and I think justifiably so. Yet the tax relief which the minister is proposing for 1948-49 is almost negligible. Suppose we look at the tax relief for a moment. First of all, the minister announced he is going to remove the sales tax on certain foodstuffs. That is a trifling concession, although it is welcome.

Mr. MAYHEW: On all foodstuffs.

Mr. THATCHER: No.

Mr. MAYHEW: On what has it not been taken off?

Mr. THATCHER: It has not been taken off pickles and certain other things. It has not been completely removed. However, whatever those concessions were, we welcome them although, as I say, they are trifling.

Mr. MAYHEW: Yes, I believe the tax still remains on pickles.

Mr. THATCHER: The great tragedy of the matter is that without ceilings, it is doubtful whether these savings will be passed on to the consumer. It seems quite probable that the food dealers will absorb a good part of them. I do not think this sales tax cut on food will mean a great deal to the ordinary taxpayer.

Then let us look at the amusement tax, the next tax which the minister is taking off. Surely it is a strange policy which would deny tax relief to the wage earner in the low brackets and at the same time would remove the tax on gambling, night clubs and parimutuels.

Mr. SINCLAIR: He was asked for that.

Mr. THATCHER: It could be, but I doubt it. Even if this policy was a wise one, in almost every case the provincial government has moved into that field. Premier Drew announced next day that he was moving in.

Mr. SINCLAIR: What about Premier Douglas?

Mr. THATCHER: He has not moved in.

Mr. SINCLAIR: He is slow.

Mr. THATCHER: Not at all, but probably British Columbia has imposed the tax. I suggest that this tax on amusements will not be passed on to the consumer in most cases, so that it means very little to him.

The minister announced cuts in the British tariff on rayons and and cotton piece goods. Let me say that this concession is most welcome. But once again, without price ceilings, I do not think these concessions will reach the consumer. I am much afraid they will be absorbed by the dealers in those commodities, whether they be wholesalers, retailers or agents.

The minister announced that he was going to reduce the succession duty tax. Henceforth, when anyone dies, his estate will not be taxed if it is not one of $50,000 or over. Formerly it was taxed if it was $5,000 or over. It seems strange to me that a man must die in order to get tax relief from the Liberal government, but apparently that is the case.

The minister announced a few other trifling concessions. He said he was taking the tax off vinegar, silver ware and alarm clocks. The hon. member for Saskatoon City (Mr. Knight) received a letter about this alarm clock concession, and I should like to read a quotation from it, which is as follows:

> Someone should send Mr. Abbott an alarm clock at the reduced rate in order to wake him up to the needs of the people.

That sums up the matter quite well. In other words, I suggest that the tax concessions the minister has made in this budget are trifling. They do not mean much to the average taxpayer. With regard to personal income tax, the only concession the minister made was to people sixty-five years of age and over; he gave them an increased exemption of $500. But the great majority of taxpayers were given absolutely no relief whatever. Indeed, instead of relief, today they are forced to pay stiffer penalties if they should happen to be late in filing their income tax forms. With the ever increasing cost of living, the income tax has almost reached the point of confiscation. The real income of many citizens has been cut so much by inflation that some families cannot afford to buy milk, cannot afford to buy—

Mr. SINCLAIR: Butter.

Mr. THATCHER: Yes, that is a good illustration; or oleomargarine or other essential foodstuffs. Refusal on the part of the government to give to people in this category tax relief at this time can only be characterized as heartless. The government's treatment of the small wage earner is to be deplored all the more when we remember that, at the first of the year, they took off the excess profits tax, and they took it off at a time when corporation profits were higher, probably, than they have ever been in our history.

Mr. SINCLAIR: They are paying taxes.

Mr. THATCHER: They are not paying excess profits taxes.

Mr. SINCLAIR: What about Moose Jaw Hardware?

An hon. MEMBER: They are not making profits.

Mr. THATCHER: By refusing relief at this time, the government is riding roughshod over the wishes of ninety-nine per cent of the adult population of this country.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. THATCHER: Mr. Speaker, in view of the scarcity of their numbers in the chamber, I am afraid I am going to have a little trouble in convincing many Liberals tonight. However, when the house rose at six o'clock I was discussing the failure of the government to give tax relief in this budget to the people of Canada, at a time when the government has shown an overwhelming surplus of $727 million.

I had stated that in my opinion this budget is unnecessarily harsh. It has given little or no tax relief to Canadians at a time when the cost of living has rendered such relief imperative. I suggested, moreover, that in refusing this relief the government is riding roughshod over the wishes of about ninety-nine per cent of the adult population.

I suggest now that for a few moments we should look at the reasons the minister gave in his budget speech for refusing tax relief.

His first reason was the need to pay off some of the national debt. To a degree I can go along with that policy. In times of prosperity it is only sensible that some of the debt we accumulated during war years should be paid off. But I believe there is a point of balance between desirable debt reduction and the public's ability to pay it. The minister does not seem to have found that balance. It is one thing to skim off surplus excess earnings and quite another thing to impoverish large parts of the population in the process of skimming. I suggest that the minister could have given reasonable tax relief, at least in the lower brackets, without seriously impairing his debt reduction program.

The second reason the minister gave for refusing tax relief had to do with defence. I quote from page 4063 of *Hansard* where he says:

> We face today very great uncertainties in international affairs . . . A substantial surplus will help to keep our powder dry.

The minister implied that Canada has certain military responsibilities which she must look after, in a democratic world. On the surface that reason looks fairly plausible. But I find, as I read the page a little farther down, that the minister this year is budgeting $20,000,000 less for defence expenditures than he did last year. I find it hard to understand this fact, if the peril to Canada is as alarming as he says it is. It strikes me that he is not suiting his actions to his words.

The minister stated, in the third place, that high taxes were necessary to combat inflation. Once again I quote from his speech, as it appears in *Hansard*:

> We should deliberately budget, as a matter of policy, for substantial surpluses in times like these. Only that way can we hold inflationary forces in check.

I ask the house to note that. I think the minister knows that statement is not correct. The suggestion that high taxation is the most effective way of controlling inflation is worn out. High taxation in the past few years has not prevented prices from going up; nor will high taxes in the future prevent inflation from continuing. It contributes to the inflationary spiral, instead of taking away from it and stopping it.

Surely the minister would not suggest to the house that a policy of giving a little tax relief to small wage earners might start an orgy of buying. The government's taxation policy, instead of stopping inflation, is adding to it. Such taxes as the sales tax and the excise tax contribute directly to the high cost of living. If the government is really sincere in its desire to fight inflation at this time I suggest that it set an example by removing some of these indirect taxes.

Then it seems to me that the minister is being inconsistent when, on the one hand, he makes the claim that taxes cannot be reduced because it would place extra purchasing power in the hands of the taxpayers, thereby raising the cost of living, but on the other hand—

just a little later in his budget—tells us he is going to give an extra year's compulsory savings back to Canadians who paid them originally. That will release about $80,000,000 extra purchasing power the minister did not have to release.

The minister cannot have it both ways. If it is possible to risk redistributing $80,000,000 in that manner, then surely there could have been a reduction in taxes.

I suggest to the house, that inflation could have been controlled much more effectively and much more equitably by price control, than it has been by high taxation. At page 4057 of *Hansard*, the minister made this statement:

> It would have been more comfortable had we been able to return to a free price system under general conditions of stability, balanced production and abundant imports.

Of course it would. That is precisely what this party has been trying to point out for two years, both in parliament and out of parliament. Then the minister went on to say that he could not keep controls because, "fate did not afford us that opportunity."

Well, that statement is hardly correct. It was not fate which took off controls prematurely; it was the Liberal party. Today we are seeing the folly of that action. Canadian citizens are paying heavily for the error in judgment which the Liberal party made.

The other day the hon. member for Muskoka-Ontario (Mr. Macdonnell) described the prices committee as a fiasco. From the view point of the Progressive Conservative party, perhaps it is a fiasco. Certainly I do not think their members have been anxious to make it a success. Certainly the findings of the prices committee—

Mr. FLEMING: Mr. Speaker, the hon. member has cast a reflection upon the Progressive Conservative members of the prices committee, saying that he did not believe they wanted to make a success of the committee. That is a reflection, and I ask the hon. member to withdraw it.

Mr. KNOWLES: It is a fair statement.

Mr. THATCHER: I said it did not seem to me they were trying to make it a success.

Mr. FLEMING: I still object.

Mr. THATCHER: I shall withdraw it; I meant to say it did not seem that way to me. Certainly the findings of the committee have been harmful to the political philosophy in which the Progressive Conservative party believes. Perhaps in that regard it has been a fiasco.

[Mr. Thatcher.]

When the prices committee was originally set up, the C.C.F. group argued that this was not the way to solve Canada's inflation problem. We are still of the same opinion. We believe that only the reimposition of price controls can cope with the inflation problem; and I think that contention has been borne out by the facts.

Last year the Minister of Finance (Mr. Abbott) told us in debate that prices would stabilize around an index of 146. The index has climbed steadily, until today it is 151, and it is still going up.

However, once the prices committee was set up, members of this group have tried to make it useful. Our members attended regularly. Personally I believe the committee has done some valuable work. I believe by this time it has discovered, beyond any reasonable doubt, the main reason for the ever-rising cost of living. Because of the devastation of the war, and because of the abnormal conditions arising from the war, the demand for most goods has been far in excess of the supply. Under these circumstances regular competition is not functioning to keep prices down.

In the committee, one witness after another has freely admitted taking advantage of shortages to make the largest possible profits. That is natural under the present economic set-up. In the committee I asked one witness after another to suggest some voluntary way in which we could bring prices down. Not one witness has, to my knowledge, given us any idea of how this could be done voluntarily.

Mr. BOUCHER: On a point of order, I do not think the hon. member is allowed to discuss the evidence given before a committee.

Mr. SPEAKER: I was going to call that to the hon. member's attention. I do not believe that he is permitted to discuss the evidence before a committee. It has been agreed that hon. members may discuss the general situation with respect to prices, but they should not discuss what is going on in the committee.

Mr. THATCHER: Before you insist upon that ruling, Mr. Speaker, I wonder if I might make several comments?

Mr. BOUCHER: Just stick to the rules of the house.

Mr. THATCHER: In the first place, I would state that the hon. member for Muskoka-Ontario mentioned prices the other day. In the second place, the Minister of Finance has stated that high taxation is the way to

control inflation. My argument is that price controls would be a more effective way. In the third place, when the prices committee was set up, the Prime Minister (Mr. Mackenzie King) said, if I understood him correctly, that debate in the house on the subject would not be precluded.

I have not very much more to say about the matter, but I should like to put my opinion on record. I believe it is a better way of controlling inflation than the budget of the Minister of Finance. If that is satisfactory, I shall proceed; if I am out of order, I shall stop.

When the committee was set up, the Prime Minister suggested that the glare of unfavourable publicity would probably bring down prices. I think the proceedings have shown that that hope is futile. The committee has found why prices are up and, if the government will give the committee teeth, I think we can get prices down.

Mr. BOUCHER: Is all this in order?

Mr. SPEAKER: I ask the hon. gentleman again not to discuss what has gone on in the prices committee.

Mr. THATCHER: Thank you. I will not mention the discussions again. The Minister of Finance has told us repeatedly that our economy is tied up with the economy of the United States. During the last month costs and prices in that country have gone up to a higher level than ever before. The federal reserve board is predicting that inflationary pressure in the United States will be greater in the last six months of this year than it was in the first six months. That is caused by the huge European recovery program together with a tremendous $14,000 million expenditure for military affairs which the United States are making.

So serious has the situation become in the United States, that the President's economic advisory committee recently recommended price controls, as the only effective way to stop run-away inflation in that country. Here in Canada the situation is similar, and it seems to me the government is being very stubborn when it refuses to recognize that fact. No one likes controls. When the supply of merchandise and produce can catch up with the demand, by all means get rid of controls; but until that time let us be sensible. Let the government admit they erred; let them, even at this late moment, have the courage to correct their error. Let us stop this steady rise in the cost of living.

The fourth reason the minister gave for keeping taxation high was to conserve United States dollars, and that suggestion struck me as the weakest argument of all. Surely the export-import controls which parliament set up a few months ago should be able to do this effectively. On page 4063 of *Hansard* the minister states:

> We must build up an export surplus—we must try to export more or import less, or both.

Despite that statement, despite the fact that the minister says he needs United States dollars very badly, in his budget he overlooks the huge amount of United States dollars which are available, if the embargo on Canadian cattle and other agricultural products entering the United States is lifted. This would be a lucrative source of United States exchange, some people estimating it at $100,000,000. If we need United States dollars so badly, why is the minister neglecting that source? The minister is always talking about a free economy. It seems strange to me that all controls have been taken off except those which affect the farmer.

For these reasons this group cannot agree with the minister in his contention that the taxpayer should not be given any relief at this time. Along with the hon. member for Muskoka-Ontario, I must say I am wondering whether tax relief is being held over until next year for partly political reasons. Certainly, if substantial tax reductions were given a year from now they could be translated more effectively into political advantage. I suggest that this budget is not a human budget; I think it could be better described as a Tory budget.

Mr. CASTLEDEN: Next year's budget.

Mr. THATCHER: There is only one other matter I should like to deal with. I am sorry the hon. member for Muskoka-Ontario is not in his seat at the moment. On page 4249 of *Hansard* the hon. member for Muskoka-Ontario implied that democratic socialism—in Canada the C.C.F. party—is similar to nazism, fascism and communism. The hon. member is a man whom I personally admire very much, and I regret that he should have made a suggestion of that kind, because I realize he knows it is not correct. As every hon. member in this house knows, the C.C.F. party has refused time and again to co-operate in any way with communism or with any other ism.

Mr. BOUCHER: Or with anybody else.

Mr. THATCHER: I wish to say to the hon. member for Muskoka-Ontario that I consider our party as being more democratic than his. I think it was beneath the dignity of the hon. member to try intentionally to smear the C.C.F. party.

I should like to close with a few words in French which possibly my hon. friends to the right will not be able to understand.

(Translation):

Mr. Speaker, I would like to end my speech tonight with a few words on a very important matter and, as my remarks are meant particularly for the Canadians of French extraction, I shall speak in French.

There are some people in Canada—there are even some in this House of Commons, such as the hon. member for Muskoka-Ontario (Mr. Macdonnell)—who still confuse the C.C.F. party with the communists.

Mr. CASTLEDEN: Hear, hear!

Mr. THATCHER: In view of the international situation, I would like to state as clearly as possible the position of our party as far as communism is concerned.

Mr. GRAYDON: The communists are with you.

Mr. THATCHER: The hon. member is wrong there. I wish to stress the fact that there are fundamental differences between democratic socialism and communism, in so far as their respective ideologies, objects and methods are concerned.

To begin with, we of the C.C.F. party believe first and foremost in democracy and individual freedom. If we cannot attain our ends through the polls we shall not gain them at all.

Mr. CASTLEDEN: Hear, hear!

Mr. THATCHER: The communists believe that the end justifies the means. They adopted totalitarianism; regimented the individual and destroyed personal freedom. We unreservedly denounce any party which advocates the use of force. Such methods are abhorred by the C.C.F.

Mr. CASTLEDEN: Hear, hear.

Mr. THATCHER: The second difference, and that, I believe, applies to many of us, is that we, democratic socialists, fundamentally believe in the laws and teachings of the Christian church while on the other hand, communists have placed materialism above religion.

In the third place, communists in Canada are teaching a philosophy which advocates loyalty to a foreign state first of all, and loyalty to Canada afterwards. The members of the C.C.F. party can no more endorse such a principle than can the members of other political parties in this house.

In the fourth place, the communist party advocates complete state ownership. The C.C.F., on the contrary, believes that only some parts of our economy should be socialized, such as natural resources, industrial and other monopolies.

[Mr. Thatcher.]

Discussing the budget last year in the legislature of my province, Premier T. C. Douglas spoke as follows:

> I have inquired into the communist party and studied Karl Marx. Knowing their philosophy, I feel it is false and I believe it is wrong from the economic, moral and sociological standpoints.

Last January 22, Mr. M. J. Coldwell, the leader of our group, speaking over the C.B.C. network, said:

> There is a fundamental difference between the methods and philosophy of the C.C.F. and those advocated by communists; we have always opposed every form of dictatorship; we loathe communist methods.

I believe, firmly indeed, that in this country, the C.C.F. will be in the vanguard of any struggle against totalitarian communism.

Mr. CASTLEDEN: Hear, hear!

Mr. THATCHER: At the same time, it is not enough to behave as Premier Duplessis, Premier Drew and others have done in various parts of Canada, that is, to label everything progressive as communist. Such a policy, more surely than anything else, will beget communism.

(Text):

Mr. DONALD M. FLEMING (Eglinton): Mr. Speaker, the house is engaged in the discussion of a travesty of a budget. The esteemed leader of the Progressive Conservative party has properly described it as the worst budget since confederation, and we of the Progressive Conservative party are one in denouncing this budget as a shockingly harsh imposition on the Canadian people.

A year ago the Minister of Finance (Mr. Abbott) boasted of his budget surplus, but the budget surplus he reported to the house last Tuesday evening is apparently proving something of an embarrassment to him. Whence did this surplus come? In the first place, it is the product of very bad budgeting. It represents an all-time high in inaccurate budgeting. What was forecast a year ago as a budget surplus of $190 million, now appears as a surplus of $670 million, or a cash surplus of $1,181 million. Yes, one way it is three and a half times what was forecast, and the other way it is six times as much as was forecast. It is impossible, therefore, for any member of this house to approach the present budget and its forecasts with any measure of confidence in the size of budget surplus that has been forecast by the Minister of Finance.

Where did this budget surplus come from? What is the source of it? The source is the very same source from which the government always obtains its money. It has no magic source of money. The source from which the government gets its money is the pockets of the people, and in this case, what we find is that a surplus has been created because the government dipped far more deeply into the pockets of the people than there was any need for their doing. And now the Minister of Finance says: I am going to budget for a further surplus, a surplus of $489 million. If his forecast is no more accurate than that of a year ago we may expect a year hence that he will be announcing a budget surplus anywhere from one and a half to two billion dollars, if the same ratio of inaccuracy is maintained.

The taxpayer deserves a break, not the beating that this government is giving to him. The reductions are so trifling as to be insignificant in relation to the size of the tax load that is being maintained on the back of the taxpayer, and they are trifling in relation to the needs of the taxpayer. Never has there been a stronger case than today for tax reductions; but the Minister of Finance, apart from insignificant little reductions, has slammed shut the door in the face of the taxpayer who has asked and rightly expected some substantial reduction in the load of taxation.

The authors of this budget have shown they do not know anything about the problems of those who are called upon to pay these shockingly heavy imposts. They just do not know, for they could not possibly justify these tax proposals if they did. It will, I am sure, shock every member of this house to find the Minister of Finance saying, as he did on May 18, at page 4057 of *Hansard*:

> There will never be a better time to reduce the burden of our national debt. We can do it now without hardship.

I say, Mr. Speaker, he cannot do it on this scale without hardship. He has been pursuing this policy in recent years, not without hardship, but at the expense of hardship on the Canadian people. There is hardship now on the part of hundreds of thousands of Canadians in trying to make both ends meet; but apparently the Minister of Finance and the members of the government are so far removed from the experience of the rank and file of the Canadian peple in meeting their family budgetary problems, that they just do not know anything about the problems these families are experiencing in trying to make both ends meet.

This weight of taxation, not suddenly imposed, but continued year after year after year, from war into peace, and now after three years of peace carried into the fourth year of peace, represents confiscation. It can no longer be called taxation; it is now confiscation. In the case of a great many Canadians it represents today a capital levy, because there are many families in Canada living on a small income who simply cannot meet the high cost of living and the burden of taxation without having to borrow on their insurance policies and try to get by in that way. These continued imposts represent a capital levy in the case of these people. But the government apparently does not know anything about the plight of the people who are living today on a small income. It does not seem to realize what the vaulting cost of living means to these people, the wage earners and those who are living on a low, fixed salary.

Yes, Mr. Speaker, this budget is likely to defeat one of the purposes which the minister professed in introducing it. It is likely to lead to more labour unrest. It cannot fail to evoke, on the part of many sections of labour, demands for increased wages in order that they may meet this double load of the high cost of living and high taxation, and to the extent that it may give rise to labour unrest it will set back production and give a further fillip to inflation.

There is the further factor to which this government is both deaf and blind. It is the fact that the people want tax reductions. Who is supreme in this country, Mr. Speaker? Is it the government, this group of nineteen men, or is it the people of Canada, the people who are paying the shot? Those of us who are perhaps a little old-fashioned in our views thought the people were supposed to be supreme; and one might have hoped, if that were true, that the views of the people in demanding relief from this load of taxation might have been heard and that the government might have given some heed to this clamour for relief from the load of taxation. But apparently it is not to be so with this government. This is a different kind of government. With this government in office, it seems that the people are not supreme. The government fancies itself supreme and, no matter what the people may think, no matter what they may rightly and justly expect and demand, this government is nevertheless saying to them: No, you shall have no reductions.

I happened to be in Washington during the Easter recess, on the day on which congress overrode the President's veto of its tax reduction bill. That was a victory of the people. That was a victory of public opinion over the

executive branch of government, and I say to you, Mr. Speaker, that it is high time we in this country had a victory of public opinion over the dictates of the executive branch of government here. Our system of government is not like that which obtains in the United States. Apparently the only way that the people of Canada can have an opportunity of asserting public opinion, when this government is too deaf to hear or too blind to read the signs of the times, is by recourse to the ballot; therefore this party has in its amendment challenged this government to carry this issue to the people in a general election. This is a government that has been far too long in office now for the good of Canada.

Mr. GIBSON (Hamilton West): What have you to offer in its place?

Mr. FLEMING: A government that will be just 100 per cent improvement over the ramshackle, dying government at present on the treasury benches will take its place.

This budget also raises searching questions as to the fundamental and underlying purpose of taxes. The theory, recognized from the beginning of responsible government until the present time, until the era of this government, has been that taxes were an impost upon the people to meet the legitimate expenses of government. But, apparently we have to recast our thinking entirely in the light of this budget, because it bears no relationship whatsoever to the needs of meeting legitimate expenses of government. This house will not cavil about meeting those expenses, but it will cavil about being asked to levy upon the Canadian people such an additional amount as bears no relationship whatever to the legitimate expenses of government or to the needs of retirement of the national debt in due time.

Yes, back of this budget is a fetish, which apparently has seized hold of this government, that somehow it is its duty to prevent the people of Canada from using their own money. Whose money is it, Mr. Speaker, that the people of Canada are toiling to earn? The government thinks this money is its own and it has first call on it, and the poor wage earners may take what is left. The people of Canada, I affirm, do not need the paternalistic intrusion of this government into their affairs to help them manage their own finances in their own family budgets. They do not need this government to step in to try to prevent them from using their own money, whether by way of satisfying their own obligations or saving or spending their money.

The Minister of Finance has assumed, all the way through his budget speech, that the money would be used entirely by the people of Canada, whatever would be saved to them in reduction of taxes, by running out and spending it at once. He does not know the Canadian people, and neither does any member of the government who supports this budget on that basis. The Canadian people know best what to do with their own affairs and what to do with their own earnings, and if there is any undue disposition on the part of any to spend today it is probably due in no small measure to the way this government has discouraged their saving money and being thrifty.

Yes, this budget has all the earmarks of paternalism; it has all the earmarks of robbery when one considers the proper sphere of taxation in meeting the legitimate expenditures of government.

Some hon. MEMBERS: Order.

Mr. SPEAKER: I would suggest to the hon. member that he modify his language.

Mr. FLEMING: Mr. Speaker, the government says in effect to the taxpayers: It is a good thing for you that we are taking your money from you—

Mr. SPEAKER: Order. I cannot permit any hon. member to use the word "robbery", and to suggest that the government robs the people. I would ask the hon. member to withdraw that.

Mr. FLEMING: Certainly I will withdraw the word, Mr. Speaker, if you say so. I have heard it used in the house before, but I will certainly withdraw it if you say so and I will substitute for it, "the absolutely unjustified and unconstitutional imposition".

Indeed, it is the kind of budget that is the product of the brain trust. It is not taxation; it is not a budget to be measured in terms of taxation. It has no relationship to taxation needs. You can think of this, Mr. Speaker, only in terms of confiscation; and it springs out of a desire to foist upon Canada a scheme of managed economy. This budget is intended to be a weapon in foisting a managed economy upon Canada.

It is not new to find the government pursuing the path of managed economy. Here is a member of the government on the C.B.C. network last August 6 speaking on behalf of the Liberal party:

> My guess is that any future government in Canada, whatever its political complexion, will resort to some type of economic planning.

These are the words of Senator Robertson, the government leader in the senate. In this budget, Mr. Speaker, you see some of the fruits of that mentality on the part of the

government, a mentality that believes in the managed economy. Here is an expression that the Minister of Finance has used, which I suggest has some significance. At page 4063 of *Hansard*, he is reported as saying:

> This government and this parliament must accept a considerable measure of responsibility for influencing and, indeed, directing economic trends in so far as that can be done within the framework of our political and economic principles.

Further on, he refers to the government as:

> Those charged with responsibility of directing the affairs of the nation as a whole.

No one will have any objection to the efficient management of the affairs of the Dominion of Canada within the proper sphere of government; but where we take issue, and complete issue, with this budget is that it intrudes into the affairs of the people; it intrudes into their private affairs, and seeks to set the government up in the management of these private affairs. I ask the minister to listen to his own words as recorded at page 4056 of *Hansard*:

> Neither this government nor this parliament has either the political mandate or the constitutional power to maintain indefinitely in peacetime a strait-jacket of controls over prices, production and distribution. Our whole economy has been organized to operate on a price basis by private incentives and private initiatives, not by centralized direction. I believe that the great majority of Canadians want it to work that way, want it to work by free and open competition and not by government direction on the one hand nor on the other hand by direction of the irresponsible power of monopolies, cartels and other organized groups.

These are good words, Mr. Speaker. I just wish that the minister would apply them to this bare-faced attempt to further the schemes of those who believe in the managed economy. This government has no mandate from the people of Canada to impose a system of managed economy upon this country.

It is just impossible to conceive that any government would bring in so bad and so harsh a budget unless it had some card up its sleeve; and therefore we are left to think that the card is to be played in 1949 with some reductions then, on which the government will seek to make a grandstand show on the eve of a general election. Well, they insult the intelligence and the memory of the people of Canada if they think they are going to live down the recollection of this woeful budget so soon. Yes, retribution will await this government whenever it dares to submit itself to the Canadian people.

This budget is an irresponsible budget. It has been born in the same kind of mind as conceived, first, those dictatorial import restrictions last fall, and, second, taxation by radio, that gross invasion of the constitutional privileges of Canadians. It is the same mentality at work. There has been no reform since November 17, 1947. This country and this government are in the grip of those who believe in the managed economy. I for one do not believe in the managed economy. One reason I do not believe in it is that there is not enough intelligence in any man's mind, or in the mind of any small group of men to manage the whole of the Canadian economy. In the second place, Mr. Speaker, it is far too dangerous to be risked, because any mistake made, where you have a system of managed economy, is on so vast a scale that the results are bound to be catastrophic. We are not without experience in Canada of the colossal scale on which the effects of the blunders of the managed economy theorists are likely to make themselves felt. We have had a sample of it in this country since the great blunder in the middle of 1946 and the constant flight of United States dollars from Canada ever since, a flight and a policy which almost brought this country to economic ruin in 1947.

Let me examine ever so briefly some of the reasons put forward by the Minister of Finance. He has trotted out the bogey of inflation and has suggested that this budget is likely in some way to assist in deterring the inflationary processes now at work. We have inflation now. This kind of taxation has not restrained the processes of inflation. The minister has the idea, and I submit to you, Mr. Speaker, it is a fundamental fallacy in his whole approach to the problem, that if he helps to boost prices higher by adding more taxes he will help to restrain the inflationary process.

The suggestion is so utterly foolish on the face of it that it amazes one that it should be put forward by a minister in this house. The minister had a great opportunity, the opportunity of a lifetime, to reduce taxation and make a substantial contribution to the reduction in the cost of living. Yes, he could have done much to mitigate the present rigours of inflation which are bearing so heavily upon persons of small means and small fixed incomes in Canada. If the removal of the sales tax on prepared foods was sound, then, Mr. Speaker, why would it not be sound to extend that removal to a great many other commodities which enter into the cost of living of the Canadian family?

The minister has sought to continue, yes, and has justified the continued imposition of these hidden consumer taxes which bear

relatively so much more heavily on the man of small means, because they are consumer taxes. These taxes levied at the source, on the manufacturer, go on pyramiding as they pass from one hand to another, until the sales tax, starting at eight per cent in the hands of the manufacturer, is invariably about fifteen per cent when the consumer pays the price of the goods over the counter. In addition to that, you have all the excise taxes that go on heaping burden upon burden on the ultimate consumer with every hand through which they travel.

What about economy? If only we could have some evidence on the part of the government that it believes in economy and is making an honest, frank effort to approach the problem with a view to effecting reasonable economies in the operation of government; not to do away with essential services, but to grapple with the problem of eliminating unnecessary expenditures of government! A government which has the belief that it is contributing to the restraint of the processes of inflation by boosting prices through the inclusion of high taxes in them, is certainly not the kind of government that has the ghost of a chance of doing anything to effect necessary economies in the cost of government.

By entertaining such a belief, the government has disabled itself before it even starts. There is no use in expecting economy from this government when it has started already with the idea that it is restraining inflation by heaping taxation on top of the high prices of commodities today.

We believe that within reasonable limits the idea of putting aside a surplus when times are good, and reducing the debt when times are good, is sound, but not when you find it on the scale practised here. What would the individual do? An individual who has some idea of his responsibility puts aside some money for the rainy day. But have we any assurance that this government, simply because it is soaking the taxpayer today far beyond its own needs, will give any benefit to the taxpayer when times are not so good? Should a recession come, is there any assurance that there will be a reduction in taxation?

There is no such assurance. As a matter of fact, when that time comes we may find pressures at work in the other direction. If it is the kind of government that we have today—which heaven forbid!—the government would say: Well, we have increased expenditures now to meet additional costs; therefore we must keep up the taxes to meet the cost. And the government will just go on, in those days as it is doing now, by its taxation policies, penalizing thrift and hard work.

There is no guarantee here that the sacrifices made today will be passed on should a recession in business conditions come. And it is not as though this burden of taxation were newly laid upon us. The Canadian people have been carrying it for years, and carrying it in the hope that sometime this burden would be lifted and they would see the daylight. Last year the government paid off five per cent of the net national debt, and it is budgeting now to pay an additional four per cent of that debt. It is going much too fast in that direction.

This managed economy idea is of the essence of socialism. The socialists believe in the managed economy. They believe that government, simply because it is government, can manage the affairs of the people, can manage the economy of the country, including the affairs of families throughout Canada, the budgets of Canadian homes, better than the Canadian people can manage these things themselves.

You find that same thought inherent in the amendment to the amendment moved by the hon. member for Rosetown-Biggar (Mr. Coldwell), because, after dealing with the question of increasing exemptions in income tax and reducing the burden of the sales tax, he adds this in his amendment:

> And further, the government has failed to establish a public investment board to assure the channelling of capital investment into socially desirable projects as a means of maintaining full employment, increasing production and raising the standard of living of the Canadian people.

Everyone in this house, I think, believes in full employment, increasing production and raising the standard of living, but I hope we do not believe in the method that is proposed here by usurping in favour of the government the right to say how money shall be invested in Canada. What is the capacity of government for directing investment of money?

This is a further example of the centralization of power that is inherent in the socialist creed in this country; and it is for reasons of that kind that, no matter how members of the C.C.F. may dislike communist support, the communists can see themselves so closely identified with the C.C.F. I have not said that the C.C.F. see themselves identified with the communists. Many members of the C.C.F. in this house have disavowed communist support; but the fact is that communist support is still forthcoming, and in the present election in Ontario we have Tim Buck, No. 1 communist in Canada,

calling upon communists throughout Ontario to back the C.C.F. candidates in every riding where there is no communist candidate.

Mr. KNIGHT: May I ask the hon. member a question? Has he any assurance that the communists will vote C.C.F.?

Mr. FLEMING: I do know that the sense of discipline in the communist party is strong, and Tim Buck has told communists throughout Ontario—he said so publicly; there is no secret about it—to vote for the C.C.F. candidates in every riding where there is no communist candidate, and there are only two ridings in the province where there are communist candidates. The matter does not stop there. You will remember the blatant offer that Tim Buck made of support to the C.C.F. throughout Canada when he advocated the election of a C.C.F. government. He calls for a C.C.F. victory:

> If we elect a C.C.F. government in Ottawa, it is quite obvious that the whole perspective for Canada will be changed. Certainly then our road ahead will be through the social democratic regime. . . After we have elected a C.C.F. government and we are faced with the question of how to work further to develop socialist consciousness in the majority of the working class, we can truly say that the party that did this is a Marxist party, the part of socialist Canada.

I was interested to hear the hon. member for Moose Jaw (Mr. Thatcher) in his speech tonight deal with the subject. It is not long ago that Mr. Laski, who was chairman of the executive of the labour party in Great Britain at the time of the last election, and who is regarded as one of the leading mouthpieces of that party there, had some things to say on the subject of the position of the socialist party in Great Britain. If the C.C.F. is such a democratic party, how do they account for the fact that Mr. Laski—and I am using his words—expressed doubt "whether in a period of transition the Labour government"—by that he meant, of course, the socialist government—"could risk overthrow of its measures as the result of a general election"? Does that sound like democracy, saying they are not going to risk a general election if it means that their socialist measures would be put in jeopardy? This same Mr. Laski is the author of a book entitled "Faith, Reason and Civilization". It is a neat little book. I wish to quote from pages 57 and 58 of it, in which Mr. Laski expresses his great admiration for the Russian system. These are his words:

> The solemn truth remains that in the Soviet Union more men and women have had more opportunity of self-fulfilment than anywhere else in the world . . . it is the only nation which . . . knows without doubt that its people move to the control of their own destiny . . . If therefore it be accepted that our own time bears a profound resemblance to the era in which Christianity was born, it seems to me that we are entitled to conclude that the regeneration of values which the new faith effected, after no doubt a long and bitter struggle, is more likely to be secured in our own age by the central idea of the Russian revolution than by any alternative principle we are in a position to choose.

That is Mr. Laski in a book published in 1944, just the year before the last general election in Great Britain. The C.C.F. say that socialism is necessarily democratic. I tell you, Mr. Speaker, that the communists are clear-headed enough to appreciate that if you carry socialism to its logical conclusion, you arrive at communism sooner or later.

My time is passing quickly, but I cannot forbear from reading the observations of Aubrey Jones, who wrote in the *National Review* in February last what I think was a penetrating analysis of socialism. He says this:

> It is true that democratic socialism is not communism; in many respects, however, it is a pale reflection of it and in these non-Christian respects it also contributes to an undermining of spiritual wholesomeness and integrity. Socialism, like communism, holds out a certain extravagance of expectation; things, it is said, will be so much better when once the system is changed. That is a non-Christian trait. For the essence of Christianity is to teach, as far as this mortal sinful world is concerned, a sobriety of expectation and to affirm that great changes are brought about, not by new systems, which in fact always take on the character of old systems, but by a new spirit. That this extravagance of expectation has over a period of years been induced in England is fairly evident; it has become one of the greatest obstacles to national rehabilitation, it prevents the needed psychological adjustment to the changed national status, and through the impatience and irresponsibility to which it gives rise it bodes ill for freedom.
>
> Again, democratic socialism, like communism, indicts a class; evil is not something common to all men, it is the badge of the capitalist; the workers, by contrast, are of superior virtue, but are held down despite themselves. This equally is not a trait of Christian belief. Nor is there anything more calculated to make class divisions permanent than this portrayal of one class as inherently better than another. It is an attitude which the wiser and soberer members among the workers themselves will wish to repudiate. Yet again, democratic socialism, like communism, sees a man's views as determined, not by a sincere quest for truth, but by his economic status. This, too, is no part of Christian belief and is conspiring to make men deaf to all honest preaching. Finally, democratic socialism, like communism, is not inspired by unselfishness; animated in very large part by rancour against the capitalist, against the man who wishes to better himself and his immediate kin, it threatens to push the state far into individual and family privacy.

I just wish to comment briefly in passing on one or two items in this budget. In the first place, this budget does not bring relief to the gold industry. At the present time that industry is dying. The subsidy which was provided for in this house a few weeks ago is helping only a few mines. In a large section of the gold mining areas, such as Kirkland Lake and others, there is unemployment on a large scale. This situation is attributable directly to the determination of this government to hold the Canadian dollar at an artificial level and to peg gold at an artificially low price, while the cost of the production of gold increases.

As to the increase in the interest rate on arrears of taxes, I have this to say. It is nothing short of brutally unfair on the part of the government to raise the interest rate on arrears when very often these impositions of interest are attributable directly to delay on the part of the Department of National Revenue in making the assessment. I have here a return brought down in the house recently by the Minister of National Revenue (Mr. McCann) in reply to certain questions I asked. I asked the number of income tax returns not assessed as at December 31, 1947, throughout Canada. The number given in this return is 2,336,879 as of December 31 last. I would ask hon. members to note these figures. For 1943 and prior years there were 44,000—I am just giving the round figures now—in 1944, 110,000; in 1945, 265,000; and in 1946, 1,905,000. Since that time another two million returns for the year 1947 have been filed. In the majority of cases these people do not know that they are in arrears until the assessment is made, and it is grossly unfair to heap upon them the burden of increased interest charges.

I wish to say quite definitely and, I hope, constructively, in my concluding remarks that the proposals of the Progressive Conservative party as to what this budget ought to have contained—and still ought to contain, if this government is not too stubborn—are the following. We say, first, that the budget ought to bring about a substantial reduction in indirect taxes in order to effect a decrease in the cost of living. Second, the budget should effect at once increases in the exemptions on account of income tax. Third, the whole problem of making budgets in this country should be approached from what we say is the proper point of view, namely, let the people enjoy the fruits of their labour; let them enjoy the incentive that comes from the retention of that which they have earned. That will make for increased production. That alone will defeat inflation. Fourth, we say the time has come when this government should—yes, must—reconvene the dominion-provincial conference. The need of that is apparent on every hand.

[Mr. Fleming.]

On May 14 we heard in the house the announcement of some limited assistance for the provinces, in respect of public health, but there is still no comprehensive system of social security. Nothing of that kind was attempted in those proposals, and we shall not have that until the dominion takes the responsibility for reconvening the dominion-provincial conference. In the second place, there has been no attempt to co-ordinate the public investment plans of the dominion and the provinces. In the third place, the time is ripe for reconvening the dominion-provincial conference because some of the difficulties have been removed in the form of indirect taxes.

Hon. members will recall what an important part was played in 1946 by the objections of the provinces to the continuation of the dominion in the field of indirect taxation and the difficulty that presented to the conference. They will remember the position taken by the Premier of Nova Scotia with respect to those indirect taxes. There were six of them, namely, the gasoline tax, the amusement tax, the pari-mutuel tax, the electricity tax, the security transfer tax and succession duties. The dominion has now withdrawn from four of those fields and has reduced one other of the six.

I say the time has now come when the dominion government must reconvene that conference. Canada requires it. This government need not any longer think it can bring Ontario and Quebec to their knees in a contest of attrition and nerves. I call upon this government to abandon the cold war it has declared against the provinces of Quebec and Ontario. Let this government and the governments in all the provinces meet together like Canadians. Let this government measure up to its responsibilities and reconvene that conference. The responsibility rests upon this government.

It is a sample of the high-handed attitude of the government that when the Minister of Finance announced withdrawal from these two fields of indirect taxation, namely the amusement tax and pari-mutuel betting tax—fields which from time immemorial have been possessed by the provinces—he had this to say to the provinces, as reported at page 4068 of *Hansard*:

May I be permitted here to express the hope that in these cases where the dominion govern-

ment removes taxes of this kind and withdraws from the field, the taxpayers of Canada will receive the benefit of such action and that, so far as possible, provincial taxing authorities will refrain from stepping in.

I suggest to the Minister of Finance that he mind his own affairs in this federal field, and leave the provincial governments to manage theirs.

This is my final word. The policy of the Progressive Conservative party is to work unceasingly for a reduction in the load of taxation, not just a token reduction, but a substantial reduction of taxation. The policy of this government on the other hand is to continue to soak the people. The policy of the C.C.F. is to fasten upon the people of Canada the manacles of a regimented economy. The policy of the Liberal party, as declared through this government, is to surrender to those who espouse the cause of the managed economy. The Progressive Conservative party, Mr. Speaker, believes that the people are entitled and are able to manage their own affairs without paternalistic and officious intrusion into those affairs by an all-powerful Ottawa bureaucracy.

We say to this government: Get your hands out of the pockets of the people! Stop this plundering of the taxpayers under the guise of taxation!

Mr. J. E. MATTHEWS (Brandon): Mr. Speaker, I do not imagine I shall be expected to agree with all the remarks so forcefully made by the hon. member (Mr. Fleming) who has just taken his seat. I must admit I agree with some of what he has said. And I trust, when I have concluded what I have to say, he may also agree with some of the statements I make. I hope that to be so, even though it does not develop into a complete love feast between us.

Contrary to the hon. member's remarks, I have been impressed this year, as indeed I was a year ago, with the able budget speech delivered by the Minister of Finance (Mr. Abbott), and I wish to add my hearty congratulations to the many he has already received. I look back to the night a year ago when the present minister announced a surplus for 1946 of $374,000,000, and a reduction in our national debt for that year of $352,000,000.

I well recall the criticism directed against him at that time—first, because there was a surplus at all, and, second, because he had reduced our debt. My own opinion was that when the Minister of Finance at that time estimated a surplus of $190,000,000 on this year's transactions he would not be far out. I had a lot of confidence in his cool, careful calculations. But had he a year ago estimated a surplus of, not $190,000,000 but $670,000,000, my faith in his judgment would have received a severe shock.

I do not propose to follow this debate through all the devious channels it may pursue. To me, one acid test of the year's transactions is that the business of Canada has been kept going under a full head of steam. In some instances taxes have been reduced—not very much; and $670,000,000 has been paid on our national debt.

Critics may talk for months on the smaller questions involved; but again I say that the huge reduction in our debt is the acid test and cannot be controverted. There was the $352,000,000 reduction in 1946 and $647,000,000 in 1947, making about a billion dollars of our national debt paid in two years.

How will that affect our interest payments for the coming year? Well, the interest on a billion dollars at three per cent would be $30,000,000 a year. That $30,000,000 saving each year may appear just chicken feed to some; but it is not so to me. It may be well to keep in mind that for eighty-one years, since confederation, the federal government has had only seventeen surpluses. They were in 1871, 1872, 1900, 1903, 1904, 1907, 1912, 1913, 1924 to 1930, 1947 and 1948.

It is safe to assume that the two last-mentioned outdistance all former surpluses combined. We should also not forget that our Minister of Finance has an unbroken record of surpluses, one for every year he has occupied the driver's seat. Not only that, but he estimates another half billion surplus for 1948; and I say, "More power to him."

To me a nation's business, so far as the finances are concerned, is the business of the individuals who comprise that nation. The taxpayers of Canada are the shareholders of this huge government business. We have a general manager, and he has presented his annual report called the budget speech. The question which interests me most, and which should interest every shareholder—otherwise called taxpayer—is whether or not our general manager, known as the Minister of Finance, and those associated with him, are making a success of their work.

I suggest that a general manager of any business in the world who could show results to his shareholders comparable with those reported by the Minister of Finance in his annual report would be wined and dined as the hero of the company. The shareholders without exception would be proud of him, and their applause would not take the form of a want of confidence motion.

Such a motion means only this, that he should be replaced by some new, untried and

possibly inexperienced amateur. I can assure my good friends that the people of Canada, the shareholders of our nation's business, are not so gullible as to take on any such risk as that. The shareholders will be inclined to ask definitely, who is in mind, anyway, to succeed the Minister of Finance. I wonder how many people in Canada realize that if you take all the railways of Canada and all the chartered banks of Canada and tie them all up together, their combined business as indicated by gross revenue is only one-third of the volume of business transacted by the dominion government. That is to say, the gross revenue of all the railways of Canada is $758 million, and of all the banks of Canada, $229 million, and of the dominion government $2,869 million, or three times greater.

The cost of running this huge business last year, for instance, was $1,985 million; and at that it was $131 million less than the previous year. May I emphasize here a statement made by the Minister of Finance in his budget speech, that a total of $1,214,288,000 of Canada's expenditures is uncontrollable—such items as family allowances, pensions, interest on the public debt, subsidies for provinces, contributions to various government agencies. My criticism is—and I shall be frank about it—that what are called "uncontrollable expenditures" have been permitted to reach proportions far beyond what is reasonable or necessary in this country. These uncontrollable expenditures had better be kept under control. It is the taxpayer's money. He proposes to have a voice as to how that money will be spent. I think in that regard a word to the wise might be sufficient.

I have not much respect for an individual who does not pay his bills, or at least make an effort to do so. I have the deepest sympathy for the man who, because of ill-health or unavoidable losses, cannot discharge his indebtedness. My feelings toward a nation are exactly the same as toward an individual.

I have no hesitation in saying that the minister has a sound idea in reducing our indebtedness each year to the largest possible degree now, when times are good. You may call it cyclical budgeting, if you wish, but I call it plain common sense. Taxes are never popular, but the real test is not how much taxes you have paid, but how much you have remaining after they are paid.

I shall not take the time to speak of fishing, mining, pulpwood production and many other sources of revenue, but at this time I want to make special reference to agriculture. So far as I am aware, Canada has never had a Minister of Agriculture who has worked so zealously and so persistently in the interests of the farmer as has the present Minister of Agriculture (Mr. Gardiner). I say that quite frankly and I do not think anyone will attempt to contradict me. He had the vision to see, and the government had the vision to support him, that a prosperous farm population would contribute immeasurably to the prosperity of Canada as a whole and therefore make this country better able to bear the tremendous financial demands resulting from the war.

To that end he set his course, with the result that, during the years 1939 to 1947 inclusive, there was paid to farmers in Canada in subsidies, bonuses, freight assistance and other similar forms, no less than $528,979,000. That is a lot of money over and above the regular farm income. That amount includes bonus cheques which farmers received on quality cheese amounting to approximately $12,000,000; on fluid and concentrated milk, butterfats, et cetera, $156,000,000. The premium on hogs amounted to $35,000,000. Then there were other channels, including $87,000,000 which was applied to prairie farm assistance in the form of acreage bonuses resulting from poor crops; there was $25.000,000 for prairie farm rehabilitation to build dams, dug-outs and other conservation works; there was $19,000,000 prairie farm income, including such items as compensation for storing grain on the farm; there was $88,000,000 for wheat acreage reduction, which means just what it says. Then $100,000,000 was applied to feed freight assistance, feed wheat drawbacks, plus over $2,000,000 subsidy to increase Canada's bacon export trade, along with another $1,000,000 as an egg export subsidy.

I suggest that there had to be a lot of cheques issued in Ottawa and cashed by the farmers of Canada to absorb the tremendous amounts I have quoted. Someone will ask whether these huge payments have been justified, but my answer will be that they have been amply justified, away beyond the slightest contradiction. Farmers and non-farmers felt that the cash farm return in 1946 of $1,752,000,000 might not be equalled for many years, it being twice as high as it was in 1939.

But what happened? The returns for 1947 showed an increase of $237,900,000 over 1946, or a total of $1,990,600,000, or close to the two billion mark. In other words, there was an increase of $161,000,000 over Canada's previous peak year of 1944. The 1947 farm income that I have quoted includes an increase over 1946 of $128,000,000 from the sale of grain, seed and hay; and an increase from the sale of livestock from $574,600,000 in 1946 to $590,000,000 in 1947. But it does not include payments made to farmers under the Prairie Farm

Assistance Act, another $11,577,000, this bringing the total farm income last year to the astounding figure of $2,002,000,000. Two billion dollars—we may well wonder, along with the Minister of Agriculture, when and to what extent that record will ever be broken.

It was illuminating, to say the least, to read in a western paper not long ago a letter signed C. Bolton, Knighton, Radnorshipe, England, paying wonderful tribute to Canada's Minister of Agriculture, as "a man of vision", something, he said, which was very much lacking in the world today. "He wisely agreed," said Mr. Bolton, "to a wheat price which he knew we could pay, and which over a series of years would undoubtedly pay the farmers, for whom he works so hard, much better than an inflated price and a defaulting creditor." Mr. Bolton goes on to express some comparisons so striking that it would be scarcely ethical to quote them here.

So far as 1948 is concerned, the twenty cents a bushel increase in the initial wheat payment, retroactive for three crops, will put many a farmer away to another good start, meaning, as it does, the distribution of an extra $150,000,000 now being made among western farmers. The return this year also of the refundable portions, the compulsory saving feature, of the 1943 and 1944 income taxes, amounting to $230,000,000, will bring revenue into many homes, besides reducing future interest payments by the government.

As against this, however, there are extra expenditures to be provided for. The new health program is placed at an initial annual expenditure of $30,000,000 a year. The increase in Canada's war pensions will boost that expenditure from $73,000,000 to $91,000,000 per year. This commendable increase will benefit 400,000 Canadian men, women and children, including 153,000 disabled veterans and 17,000 widows.

The increase in old age pensions, pensions for the blind, health and hospitalization allowances and more persons drawing family allowances, will mean another $27,000,000 expenditure for 1948. These expenditures, along with unemployment insurance, war service gratuities, and similar grants, have increased tremendously during the past ten years. For instance, the amount paid in family allowances since its inception is around $700,000,000.

I have quoted sufficient to indicate that the farmers as a whole all across Canada have made a wonderful response in the matter of production. There have been references of late to the butter supply. Some claimed that the farmers, particularly the younger farmers, were letting the country down in dairy production. I did not believe it, at all events so far as Manitoba is concerned. In order to settle the point, I have before me the official report issued by the department of agriculture of Manitoba. From that report I learn that creamery butter manufactured in Manitoba in 1947 amounted to 26,265,141 pounds or an increase of 198,513 pounds over 1946; and dairy butter, 5,963,000 pounds.

The total milk production in Manitoba in 1947 was 1,230,740,429 pounds, or an increase of 11,666,792 pounds over 1946. There were seventy creameries manufacturing butter in Manitoba in 1947, and twenty-three manufacturing cheese. The estimated farm value of butter, creamery and dairy, made in Manitoba last year was $14,534,000, and of cheese, $890,000.

The total farm value of the milk produced in that province was $25,932,000. I mention these figures to show that if there is any slowing down of milk production in Canada, the fault cannot be laid at the door of Manitoba farmers.

In hog production the number of carcasses shipped in 1947 was less than in 1946; the number of live hogs remaining on the farm at the end of 1947 was more.

May I add right here, as a matter of information, that the official report from which I have quoted gives the following estimated average income per farm as follows:

Year	Average per farm
1941	$1,550
1942	2,639
1943	3,040
1944	3,444
1945	2,770
1946	3,416
1947	3,597

When speaking on the budget a year ago, I referred, perhaps boastfully, to the success of Manitoba farmers at the Toronto Royal all down the years, and particularly in 1946. Last November, or was it December, they even eclipsed all former records. They exhibited 128 animals and won 135 prizes, including twenty-two firsts, twenty-five seconds, nineteen thirds, sixteen fourths, thirteen fifths, eleven sixths, and the remainder in close proximity. In addition to prizes, they won outstanding awards, namely two grand championships, two reserve grand, one senior, one reserve senior, one junior, five reserve juniors. In 1946, they won eleven awards and ninety-eight prizes; in 1947, twelve awards and 135 prizes. No further comment is necessary regarding the excellence of Manitoba livestock.

This good farming and attention to business has brought commendable results. For instance,

last year the Manitoba farm loans association had only 310 outstanding mortgages, 303 agreements for sale, and 193 farms remaining for settlement, as against 1,162 mortgages, 657 agreements for sale, and 641 farms in 1941. The association's collections last year alone approached the million dollar mark.

The record of the Canadian farm loan board is equally good. Of 1,678 first mortgages and 222 second mortgages, the amount of principal overdue more than six months at the end of 1947 was $65.71, and the amount of interest overdue, not one dollar.

A writer in an American magazine not long ago deplored the unscientific methods of Canadian agriculture. I read the article to the end, expecting to find some explanation as to why Canadian farmers took the first ten places in the world wheat competition at Chicago in 1947. I expected to find some explanation as to why Canadian farmers almost invariably win the grand championships in wheat, barley and oats in American competitions, and as to why the most advanced American farmers grow, though not so successfully, the finer sturdier varieties of wheat, developed by Canadian scientists. I did not find the explanation.

Speaking of progress made by many western farmers, I want to draw attention to an organization that quietly and without ostentation has been doing very effective work in this country. I refer to the Farm Improvement Loans Act passed in 1944 during the financial administration of the present Minister of Justice (Mr. Ilsley). The act was designed as a short cut to the more speedy financing of improvements on the farm. The loans were actually made through the chartered banks, but with a substantial degree of government endorsation. They were put through at five per cent interest, and during the three years 1945-46-47 approximately forty thousand farmers obtained loans, amounting to thirty-one and a half million dollars, for the purpose of farm and home improvements.

It is interesting to note to what wise and helpful uses these loans were approximately applied.

Thirty thousand loans ($25,000,000) were applied to the purchase of farm implements, notably trucks and tractors.

Four thousand loans (over $4,000,000) were for the construction or repair of farm dwellings, barns and outbuildings.

Twenty-five hundred loans (almost $1,000,000) were for the clearing and breaking of new land, resulting in 123,680 acres heretofore uncultivated having been brought into production. Seventeen hundred and twenty-five loans (over $1,000,000) were applied to the purchase of livestock.

One hundred and forty-nine loans ($86,000) were devoted to fencing and farm drainage.

Better still, although operations were begun only in 1945, nearly half the loans made up to the end of 1947 have already been repaid in full, notwithstanding the fact that loans may be effected for a period up to ten years.

Thus far, not one dollar loss has been experienced, a record which speaks volumes for the wise and efficient administration of the act. The fact also that approximately 40,000 Canadian farm homes have already been made more comfortable, or the farm rendered more productive, as a result of those loans, is ample justification of the recent extension of the act for another three years. I submit that this type of legislation is desirable and constructive and has the added virtue of being in no sense paternalistic.

We may well wonder if, and when, the pendulum may begin to swing the other way; for it would seem improbable that our present successes will continue indefinitely without reverses of some kind. It is assuring, however, to note the efforts toward stabilizing conditions that are being made. For instance, what a hopeful statement was that made by the Minister of Reconstruction and Supply (Mr. Howe) recently when he announced that 4,000 Canadian companies will invest a billion and a half dollars before March 31, 1949, in a reconversion program producing new commodities in Canada. Hon. members will admit that this is facing the situation in the minister's characteristic big way.

Then again, the recent international wheat agreement endorsed by thirty-six importing and exporting nations, after several years' efforts, is an achievement which Canada has long sought.

Many former markets are now non-existent, and have to be replaced. To this end, in formulating international trade agreements—thus expanding in ever-widening circles our business relations with other countries—Canada owes a big debt to the recent Minister of Trade and Commerce, the present Minister of Fisheries (Mr. MacKinnon). I am confident that few people realize how great is the contribution he has made to expanding the trade of this country. For instance, last year's substantial increase in trade was augmented by an increase in our exports to Latin American countries of over 50 per cent, those to Argentina showing an increase of almost 200 per cent; in fact, almost every republic in South and Central America has increased its Canadian buying. Canadian exports also to Australia and New Zealand are reported to have

increased about 80 per cent over 1946. Our exports to Brazil, which used to amount to about five million dollars, grew in 1946 to $24,600,000.

Canada was the second largest source of supply for Britain last year, with an increase of 17 per cent over 1946.

As hon. members are aware, the former Minister of Trade and Commerce made an extensive trip last year and, I think, proved himself a splendid combination of salesman and statesman. No one can estimate what that one trip will mean to the future trade of this country. I desire to quote briefly from an article in the *Monetary Times* in which the former Minister of Trade and Commerce gives his own impressions.

As head of the Canadian trade mission to South Africa and the Mediterranean area, it was my privilege to share personally in yet another constructive step towards the promotion of Canadian trade. Travelling some 25,000 miles, the mission, made up of prominent Canadian industrialists and government officials, visited eleven different countries for trade discussions, and touched briefly at seven others. Our primary object was a good will visit to Canada's third best customer, the Union of South Africa, which is more fortunate than other sterling countries in that she is able to pay for dollar imports out of her vast gold resources. Everywhere the mission travelled it met with a reception which could leave no doubt with respect to the warm regard in which Canada is held abroad. Officials and businessmen alike were impressed by the fact that we had a genuine interest in trying to assist them in developing a market in Canada for their products, as well as in promoting our own export trade. The good will resulting from the visits made by the mission will be remembered for many years, and I am sure will have a most beneficial effect on Canada's trading relations in the future.

We hear a great deal today about the cost of living. I was interested in an article published on May 3, 1947, by the London *Recorder*, giving a breakdown of how the average man and woman in England spent each pound of personal expenditure in 1946. I have the list before me, and I have translated the amounts into terms of dollar spending, to make it more readily understandable here. These are the figures for England, out of each dollar of personal expenditure, as I have stated:

	cents
Food	26
Alcoholic beverages and tobacco	20
Rent, water	8
Fuel, light	4
Durable house furnishing	4½
Other household goods	1
Clothing	9
Books, newspapers	1½
Private motoring	2
Travel	4
Entertainment	2½
Other goods and services	17½
Total	**$1.00**

In Canada, the following table from the bureau of statistics will show, in a manner as nearly as possible comparable with the table in the London *Recorder*, a breakdown of the average personal expenditure on the different items which go into the consumer's budget in Canada. Both tables are for expenditures in 1946. Out of every dollar of personal expenditure the average person in Canada spent in 1946:

	cents
Food	27·2
Alcoholic beverages and tobacco	11·2
Fuel	3·6
Rent utilities and household operation	12·6
Durable house furnishing	3·3
Other household goods	1·0
Clothing	14·4
Books, magazines and newspapers	1·2
Transportation, including street-car, bus, train and aeroplane fares, private motoring and purchases of gasoline	6·9
Automobiles and accessories	2·4
Recreation, amusements generally, holiday and resort expenses	2·1
Other goods and services	14·1
Total	$1.00

It will surprise many Canadians to learn from a statement made by the minister that in the United States a single taxpayer with no dependents has exemption up to only $600; and that, while in Canada $800 means an income tax of $5, in the United States it means a tax of $20; also that a married taxpayer with no children has exemption in the United States up to only $1,200. In Canada a $1,600 income means to such a person a tax of $10, but in the United States a tax of $40.

I stand four square in support of the government in having had the will and the courage to impose taxes commensurate with the imperative demands of war. This is no time for our Canadian people to forget the astounding contribution made by this country toward prosecution of the war. And why not? It was our war, and upon the result of that war depended our freedom, with all that word involves. Yes, our war effort was stupendous, and the taxes we are paying today, as a result of that war effort, are, and will continue to be, a definite burden. Yet, in terms of what we have remaining, our contribution is a mere bagatelle when compared with the devastated homes and absolute ruin visited upon our allied nations in Europe.

Furthermore, I am confident it can never be said that Canada scuttled the allied ship with the cessation of hostilities. Our nearest ally should be better versed on that score than any other nation, and it is encouraging, yes, inspiring, to read in some United States papers acknowledgment of Canada's contribution to post-war efforts. At Washington recently the

Tabloid News paid tribute to what our country has done in the way of aid to Europe, stating that Canada's aid in terms of relative population or national income is greater than that of the United States. These are its concluding words:

To the world's need in peace or war, Canada makes a bold and sacrificial contribution, but quietly and without fanfare.

The Portland, Oregon, *Journal,* in a fairly recent article pointed out that Canada's population is only one-eleventh of the United States, and her national income about one-fifteenth, so that the loans and outright gifts of $1,850 million made by Canada to Europe are the equivalent of a United States loan of $20,350 million in terms of population, or $27,750 million in terms of national income. Surely this is a striking comparison and a friendly tribute from our southern neighbour.

These facts have been widely commented upon by other leading papers in the United States. I could quote from many others did time permit. For instance, the New York *World-Telegram,* with a daily circulation of almost 400,000, has this to say concerning the facts I have cited:

It is a sturdy and noble people that we have to the north of us. Canadians are a bulwark of democracy and decency. We are indeed fortunate in our neighbours.

Mr. Speaker, I would commend those words from United States papers to some hon. members in this chamber who never lose an opportunity of endeavouring to belittle Canada whether in war or peace.

We sometimes hear it said that all that portion of a taxpayer's income exceeding $25,000 should be confiscated. Well, that would not help very much. A concise analysis appeared in an Ottawa paper not long ago, bearing upon 1946 returns:

The figures showed that the combined incomes of all Canadians getting $25,000 a year or more totalled $113 million. If, therefore, the government were to take away from this group every cent they made, it would still be short about $1,600 million of what it needs in the way of cash in order to administer the country. If put in another way, all the incomes of all our so-called rich, grabbed by Mr. Abbott, wouldn't be enough to pay half of the baby bonus for one year.

The people of Canada may expect to pay taxes, heavy taxes, for many years as a result of the war. So long as those taxes are applied in substantial measure to reduce our national debt, Canadians will take a reasonable view of the situation. But they are going to insist, yes, they are going to demand, and I hope they will, that the taxes which they pay and for which they have worked so hard are not frittered away in fantastic government expenditures.

Even with the astounding reductions in our national debt made during the past two years by the Minister of Finance, we are still burdened with a debt of enormous proportions. It seems to me that in order to retire that debt we must have millions more people in Canada. We must open our doors more widely than ever before to desirable immigrants from other countries. We have a tremendous extent of country populated by only twelve million people. Europe, including Britain, with an area half the size of Canada, has a population of four hundred million. In other words, were we as densely peopled as Europe, our population would be eight hundred million instead of only twelve million. We have a task before us. We cannot expect to hold indefinitely great stretches of unoccupied lands when there are many million human beings huddled together in other countries, yearning to assist in the development of Canada's rich and, to a large extent, untouched resources. Yes, a largely increased population will be a potent factor in the reduction of our national debt.

As regards taxation, some resentment was engendered among farmers with respect to the new income tax forms prepared for 1947 returns. I believe that to quite an extent, particularly in western Canada, the object, or what I hope was the object, of that new form was misunderstood.

I am glad to endorse the new efforts made by the department to run down tax evaders. Honest taxpayers all across Canada will heartily endorse that action.

I cannot recall having heard at any session so many members lauding their constituencies, and at considerable length, as during the present session. It was all very commendable, all very interesting, and I think we should have more of it.

Therefore, Mr. Speaker, I say all honour to those who have not hesitated to place on the record of this parliament a tribute to the constituencies they represent, and to the efforts of the people.

However, I am in a position to pay a tribute greater still to the people of my constituency, and one not touched upon by other members. We have it on the highest authority that life does not consist of bread alone, and that a good name is to be chosen rather than great riches. Let me say here that I have the honor and the satisfaction of representing the constituency of Brandon in the House of Commons longer, with one exception, than any member since confederation. And in all those years, it has never

been suggested to me directly or indirectly that I should stoop to any political act of a doubtful nature. That is my tribute to my constituents, and it is one of which I am justly proud.

In conclusion, Mr. Speaker, may I again congratulate the minister and his department on a big task having been carried to a successful conclusion by a big man.

Mr. H. O. WHITE (Middlesex East): Mr. Speaker, in rising tonight to discuss the budget I must say that, after hearing the Minister of Finance present it the other night, I more or less came to the conclusion that I would not take part in the debate because there was not much in the budget to inspire an address of any kind. It did not present any incentives to those in labour, industry or farming to increase production, and we as a free-enterprise country must offer something besides the whip if we are to increase production.

I would point out to my socialist friends to the left that there are no other twelve million people in the world who have produced as much food and sent abroad munitions of war to the same extent as the twelve million Canadians have done.

Mr. GIBSON (Comox-Alberni): That is right, and under free enterprise too.

Mr. WHITE (Middlesex East): I wish to say a word or two about the way in which the budget affects my own constituency, and as it affects my constituency so also will it affect the Canadian people. Taxation is discouraging production. I only need to refer to a couple of items to bring that home to the house. One is reduction in the production of cheese and the other is hogs.

I have in my hand two editorials, one from the Ottawa *Journal* and the other from the London *Free Press,* both dealing with food problems. One deals with the statement of Sir John Boyd Orr a few days ago, and the editorial comment of the Ottawa *Journal* on his statements. The other is a report in the London *Free Press* on the agricultural institute of Canada meeting in Guelph on June 23 next.

Sir John Boyd Orr points out the vast increase in the population of the world. It is 40,000,000 since V-E day. James Turner, of the world federation of farmers, has pointed out that in 1951 production of food will be only the same as in 1939; yet by that time there will be more of an increase than the 40,000,000 in the population of the world. And these 40,000,000 did not bring one acre of ground with them on which to produce more food.

I think we as Canadians can produce a good deal more food than we have; but you cannot get the Canadian farmer, or labour or industry to produce at a loss for long, and therefore I want to point out to the government just how this is affecting a good many people.

Of all the things that are bothering the farmers, labour and small business, income tax is, in my opinion, the worst. I have talked to a good many farmers and they are quite prepared to pay their share of income tax if they owe it. Labour and the salaried worker never get a chance to handle their share because it is taken away from them before they get it, and so they see to it that they only work so long and do not get into the higher income brackets. The result is that they will lay off for a day or two, so that there is a decrease in production all across the board. If some means could be found of reducing the burden of income tax, or if those exemptions in the lower income brackets could be raised, so that people generally could have some relief, they would be able to buy food, and it would be a relief to those producing food. They would have an incentive to produce more, so that the consumer could get it at more reasonable cost.

I was quite interested in this article with reference to Sir John Boyd Orr, because in all the plans that are being made there has been no mention of rewarding the man who produces food. I can say to that organization and to the agricultural institute that until they take into consideration the man who is going to produce the food, and the necessity of rewarding him, they will not get the food and they might as well cease their deliberations. If they think the farmer will work for nothing and board himself they will be disillusioned people.

We did not ask labour during the war to give its services for practically nothing, nor did we ask industry to do so. We rewarded industry and labour and they produced the sinews of war and were enabled to produce them in abundance. We can do the same again as far as food is concerned, but the farmer will not do it for nothing.

The other evening one of our socialist members, the hon. member for Mackenzie (Mr. Nicholson), I believe, was mentioning the need for subsidized housing, and he went so far as to say that we should have subsidized farm housing. I submit that if any group of people are adequately rewarded or paid they can provide their own housing, whether in the city or in the country. But what has happened? Under subsidized housing, the farmer, and every citizen in the land who has paid for

his own home, or is paying for it, will be asked to provide a home for some improvident person, without thrift or regard for the future, who wants someone to pay for a home for him. That is what subsidized housing means. You and I will pay for someone else's home.

Mr. MARTIN: That is what the hon. member for Eglinton recommends.

Mr. WHITE (Middlesex East): We certainly do not want to do it the C.C.F. way, anyway.

Mr. NICHOLSON: What about the hon. member for Vancouver-Burrard?

Mr. HAZEN: Every member has a right to express his own opinion.

Mr. WHITE (Middlesex East): I will say to the hon. member for Mackenzie that history has shown that any government that paid people for doing nothing has ended in the ash can, bankrupt.

Mr. GIBSON (Comox-Alberni): That is right. Think of the Romans.

Mr. WHITE (Middlesex East): Let me say that there are many vacant houses in the country, but people do not want to work at jobs that are necessary where these houses are. These houses are on the farms, and that is a good indication that the man who tills the soil is not being rewarded, in relation to the hours of work he puts in, and the knowledge and ability he must put into that work. Those people who think food is too dear will find many farms in Middlesex county that can be bought for the price of a house and lot in the city, and they will not be out of a job if they go there. They will have food at cost, but I will not tell them what that cost is. They know it just as well as I do, and they do not want to go there.

We hear quite a bit about stabilization of farm prices, the price of farm products, and that sounds good to a lot of people. But it does not take a great deal of ability to stabilize the prices of farm products below the world price or below parity price, and the recent moves on the part of consumers demanding the admission of oleomargarine into the country are a fair indication that the consumers will not stand for higher prices if the world price should drop below levels which the consuming public can afford to pay. They will not stand for it now and they certainly will not stand for it in the future. I think we are just holding out a hope to the farmers that when things are not so good, the prices of their products will be higher. That is certainly just a dream and nothing else.

[Mr. White (Middlesex East.]

The other evening the hon. member for Skeena (Mr. Archibald) speaking on the plight of the farmer, was bemoaning the fact that the average income of the farmer was less than that of any of the other groups in Canada. But I notice that the hon. member for Skeena and all the other members of his group voted for the wheat bill which gave the farmer less than the world price. I also notice that they voted for the agricultural bill to put coarse grains under the wheat act. So it seems to me that they are inconsistent. They talk on the one hand about the fact that the farmer is not getting enough for his produce, and yet they vote the other way when the opportunity arises.

Recently the dominion bureau of statistics provided these figures. The labour income index in Canada in the last twelve months has risen forty-four points, while the farm income index has receded fourteen points. How do we arrive at that? It is because most of the things the farmer has to buy have increased in price to a greater extent than the things the farmer has to sell. So we find ourselves in that particular plight at the moment.

What else has the budget done or not done that my constituents do not like? One of them is this. The tax on soft drinks and candies is not removed. Workers and children are usually the buyers of those products. On the other hand, the tax on pari-mutuel betting, which aids a group of people that are not greatly in need of aid, was removed. So I say that the government was unwise in that particular move.

Actually the budget was not brought down last week; it was brought down on November 17 last when a twenty-five per cent increase in excise taxes were placed on many articles that the low income groups have to buy. When that tax was put on, it gave the Minister of Finance (Mr. Abbott) the opportunity to say at this time that he had built up a huge surplus and that he was not increasing taxation in any lines, but was able to reduce taxation in a few. If you can put on a heavy tax five or six months before the budget comes down, and then say you have taken off some here and some there, it may sound good at the moment; but as far as the people back home are concerned, they are still digging down in their pockets and paying to this government in taxes thirty-three cents out of every dollar they receive. So I would say that, as far as my people are concerned they are disappointed.

The only bright part of the budget is the fact that the minister was able to reduce the national debt. I want to point out again—I have said it before in this house, and I am going to say it again—that we, our children and our children's children will be paying for subsidized food that was supplied to people who were more able to buy it during the war years than they will ever be in the years to come. So when you hear people asking for subsidies, you know they are wanting somebody else to pay for something they want, and that somebody else is you.

I repeat again, Mr. Speaker, that the budget was a dismal disappointment. It was a budget of sixty-five or die. I think the amendment of the Progressive Conservative party was absolutely in order.

Mr. J. H. BLACKMORE (Lethbridge): The minister's budget speech, Mr. Speaker, is one more budget speech of despair. It contains no hint of any new order of abundance and freedom such as our Prime Minister (Mr. Mackenzie King) promised us all during the war. We find in it no sign of any brave new world worth fighting for. It is a budget of privation, scarcity and frustration. Why was the budget such a chilling disappointment? It seems to me that the people of Canada ought to know. They realize that in Canada we have a magnificent heritage, with an abundance of resources of almost every kind; a wonderful people, skillful, aggressive, buoyant, able and ready to work. Yet we have to have conditions such as this budget imposes on us. Why is this?

The answer is that this budget is based on an oxcart financial system trying to function in an age of internal combustion engines; in fact in an age of jet propulsion. Small wonder it fails to do the job!

There is but little comfort to be found in the speech of the hon. member for Muskoka-Ontario (Mr. Macdonnell) who, I presume, would be preparing the budget speech if the Conservatives were in power.

Mr. KNOWLES: The same speech.

Mr. BLACKMORE: The speech of the frigid, reactionary Conservatives, misnamed progressive, delivered by the hon. member, was even more bleak than that of the Minister of Finance (Mr. Abbott). In the Conservative, the scarcity mentality has run riot. You never find coming from any Conservative since I have been in the house—except one in the years long ago—even the slightest glimmer of a comprehension of what it is all about or how we can get ourselves out of the difficulties in which we have found ourselves. Why they do not employ some real financial and economic experts and learn from them, I cannot understand.

Mr. KNOWLES: No expert will work for them.

Mr. BLACKMORE: They everlastingly talk about getting to the stars, but they have not the slightest idea of how to get their feet out of the mud on the earth.

The present orthodox financial system simply must be changed. Let that be borne in upon every member of the house and upon every person in the country. Just as long as we persist in keeping the present orthodox financial system, we shall have budget after budget of the type of that which we have just had presented to us.

There will be those who will wonder if there is any evidence to support the statement that I make. I do not wish to bring myself into the limelight particularly, Mr. Speaker, but I hereby issue a challenge to the Minister of Finance and the members of the Liberal and Conservative parties to debate the fundamental principles of finance. I defy any one of them to prove that the Canadian nation has to finance entirely with debt money. I will give them all the time they need to prepare themselves, and when they are ready to come, I will be ready. We are financing this nation, and have been ever since some time in the middle of the first world war, with debt money. The debt money idea is part of the general mentality of scarcity which apparently prevails universally among Liberals and Conservatives throughout the country. The budget at the present time proposes to finance all Canadian activities with debt.

The one bright spot thus far in the budget debate is the Social Credit speech of the hon. member for Peace River (Mr. Low). I do not wish to slight the speech of the hon. member for Rosetown-Biggar (Mr. Coldwell). He merely told what was wrong in some respects with the budget; he did not tell us how the wrong could be made right.

The Social Credit proposals, in brief, were as follows—and I shall make a summary of them so that we shall have them before us. It was proposed that we have a national monetary authority responsible to parliament and vested with power in the name of the people of Canada to enable those things which are physically possible and desirable to be made financially possible. As an initial step in a comprehensive debt retirement program the monetary authority to call upon the chartered banks to surrender to the Bank of Canada three and a half to four billion dollars of dominion securities. Each bank to be credited

on the books of the Bank of Canada with the face value of the securities delivered, this credit to be an asset to balance the liabilities of the bank to its depositors.

The national monetary authority so to regulate the use of this credit as to enable the chartered banks to meet the liabilities to their depositors in an orderly fashion, and in a manner to maintain the stability of the national economy.

Third, cancellation of existing reduction in family allowances for each child after the fourth as the first step toward an ultimate increase of fifty per cent in all family allowance, costing $15,000,000.

Immediate old age pensions of $50 at seventy years of age without a means test; the first step toward an objective of $50 at sixty—an additional $169,000,000.

Pensions for needy widows at sixty years of age and over and payments to all disabled adults not otherwise provided for by government allowances, eighteen years of age and over $20,000,000 additional.

Provision for increasing war veterans allowances to $50 and $85 a month for single and married persons respectively, and to increase 100 per cent disability to $100 a month, an additional $10,000,000.

Provision for encouragement by subsidy or otherwise increased production of such things as sugar, coal and steel to make Canada self-sufficient and to save American dollars—$75,000,000.

Abolition of the sales tax, $395,000,000; accompanied by measures to ensure benefits to consumers.

Cancellation of the recently imposed excise tax of 25 per cent.

Income tax exemptions to be raised to $1,500 and $2,400 as an initial step in ultimate exemptions of $2,000 and $3,000 respectively—$300,000,000.

Ten per cent exemption of corporate profits for income tax purposes conditional upon companies handing over the sales tax abolition benefits to consumers; the rate of tax on profits between ten and twenty per cent on capital to be at 60 per cent; tax on profits over 20 per cent to be at 80 per cent.

The total upset in the present budget would be $984,000,000, to be provided for as follows:

(a) by using from the estimated surplus $484,000,000.

(b) by saving in interest charges through the debt reduction, $100,000,000.

(c) estimated increases in revenue from increased buoyancy, $100,000,000.

(d) by national credit, $300,000,000.

One item there that might not be easy for the orthodox financial mind to understand is the last one, the national credit of $300 million. I maintain there is some hope in that budget. The question that will from time to time be raised will be whether or not that budget is sound, whether it will actually work in the Dominion of Canada in the year 1948-49.

It will be argued that Social Credit proposals are unrealistic, unscientific and unsound. It will be contended that Social Credit proposals will cause inflation. I will argue that Social Credit proposals are realistic, scientific and sound; and I contend that Social Credit proposals will not cause inflation in a wisely managed Canada.

Social Credit proposals will not cause inflation in a wisely managed Canada, because Canada has such a tremendous amount of resources of such a wide variety and she has her industry developed to such a high degree that she is completely capable or can be made completely capable of supplying the needs of her people, or goods which she can trade for needs which we cannot supply.

The first question I ask is: What is inflation? Inflation is a rise in prices which results from a scarcity of goods. When I first came to parliament it was impossible to get any Liberal to consent to the truthfulness of that definition. But today the war has forced them all to agree that that is the definition of inflation. It is a rise in prices fundamentally brought about by a shortage of goods.

What are the causes of inflation? The first cause is a shortage of goods in relation to money in circulation. The second is taxation. It is not a real cause of inflation, but it is a cause of a rise in prices which is called inflation in the country today. The third is the increased cost of production, such as the increase in freight rates, the increase in the cost of gasoline and the like. This also is not a real cause of inflation, but it again is the cause of a rise in prices and must be counted in when determining the causes of rise in prices called inflation. The fourth cause is over-capitalization, and the fifth cause is over-exportation.

I do not propose to deal in detail with all of these. I mention them as being the main factors which are contributing to the high cost of goods prevailing in Canada today; such high costs being commonly called inflation and being blamed generally upon the fact that there is too much money in circulation for the goods in the country.

What are the safeguards against inflation—the safeguards which would be used in this Social Credit budget which the hon. member for Peace River proposes? Here are some of them. In the first place, we should stimulate our production. This has been spoken of by scores of members in the house. I think the

country is pretty well agreed as to how we could stimulate our production. Here are some of the proposals which all hon. members speak about rather freely.

First, remove or at least alleviate all incentive destroying factors such as, for example, discouraging taxation, which the hon. member who just took his seat was discussing;

Second, remove uncertainty of markets;

Third, remove undependability of prices.

These factors are within the control of our generation, if we use the facilities which are at our disposal. And we need not become a socialized state in order to use those powers.

Next, we should carefully plan, in conjunction with the provinces, definitely to make Canada self-sufficient so far as possible. We should make definitely a balanced economy, as is eloquently advocated by Mr. W. H. Moore, who was an honoured member of the house, representing the constituency of Ontario, in his fine book called "Grey Days", published in 1946, a book which I would encourage all hon. members to read.

Again, we should adopt proper protective measures to give confidence to Canadian producers. These measures which are at our disposal, and may be undoubtedly used, and which we see in operation today, are quantitative restrictions; that is, keeping out those goods which we do not want to come in to destroy the market for our own goods. For example, when we are producing tomatoes we do not want outside tomatoes supplying the market.

We can keep them out by quantitative restrictions, so far as we require to do. In addition to quantitative restrictions, we can use subsidies and we can use exchange control. These three measures could exclude outside goods entirely. If the government and the various provincial governments of the country had the courage to say, "We are going to produce in Canada, for example, our own tomatoes; we are announcing to the world we are going to and we are announcing to Canada we are going to; we invite an all-over effort to produce tomatoes; produce them and we will guarantee the Canadian market"—if something similar is done with the various commodities that Canada can produce so well, then the producers will rise in great numbers if they are guaranteed interesting prices and an assured market.

There is nothing unreasonable about that proposal. We should impose rationing on goods in short supply and we should grant compensated discounts on goods in plentiful supply. There is nothing new or revolutionary in either one of those proposals; they were used freely and broadly during the war with great success and could have been used during the peace with equally great success. This last proposal, that of granting compensated discounts on goods in plentiful supply, is a means of price control. It is the price control which the Social Credit organization advocates, being price control by inducement and not by compulsion.

Then we should adopt generally effective and aggressive measures to increase the production of goods essential to Canada's freedom and prosperity, such as the production of our own coal, our own steel, our own oil for fuel, our own gas, our own electricity and the other things which we can produce, including our own sugar.

Any ordinary individual looking at the way in which Canada has managed her household during the last forty-five or fifty years would be struck with absolute astonishment that a group of intelligent people should so mismanage the magnificent asset which is Canada, allowing themselves to go billions and billions of dollars into debt to outside countries for commodities which could be produced in Canada with great success if the people just set about doing it.

I should like to give an example of the injurious effects which taxation has upon production and prices. If production is impaired, if prices are allowed to rise, both bring on inflation. Consequently this example of the injurious effects of taxation will indicate how that sort of thing can work toward inflation. May I read an excerpt from a rather interesting book which has come into my hands entitled, "Lincoln's incentive system," by James F. Lincoln. This man Lincoln is head of one of the greatest companies in the world making the product he makes. His book was published only recently in 1946. What he puts into his book is the results of his own practical experience in his own magnificent company in the United States. This is what he says on page 72:

> Only the consumer pays taxes in the final analysis. This statement may need clarification.
>
> Let us take a case in point. We go to a gas station to buy a gallon of gas, for which we pay 20 cents. Of that, six cents is advertised as sales tax. That leaves 14 cents. The company providing the gas pays taxes of over 100 million dollars. Each gallon produced must pay its share of this tax which is about two cents. The railroad transported the gas. It pays another 100 million of taxes. That adds another cent in freight charge. The station that sells it has a tax which adds another cent. All the people who furnish the oil company any and all supplies, labour, or material must add their taxes in their charges, since they can get their money to pay taxes only from their customers. After all the taxes have been taken out, the gas cost

is less than four cents, the taxes nearly 16 cents. If the 16 cents had been listed as sales tax we should scream our heads off. Or should we?

And then at page 138 he says:

The present graduated income tax, which excludes the possibility of the able to profit from their ability, will in the same way that serfdom did eliminate the best efforts of the able in our economy. What is more serious, it will stop the further development of the latent abilities of those on whom we depend for leadership in our economy. Not only that, it will kill the desire of the rising generation to develop. This, if continued, will wreck our economy if we are to meet the competition of other nations who give freedom of opportunity to their industries and their citizens.

And further on:

I wonder what our reaction to the governmental taxation would have been if, at the time of the passing of the income tax law, we had been told that this law, with its double taxation of profits and renegotiation, would take from the stockholders in many cases over 99 per cent of every dollar of profit made by the industry.

Perhaps that would be excused by the statement "that can happen only to the rich stockholder who gets too much anyway." How should we have reacted if we had known that a widow, whose sole income was from 100 shares of stock of the Lincoln Electric Company, was to be taxed 95 per cent on her part of the profit of the company? Out of $12,000 of company profit, the government took $11,400 and left her $600. Still more important, a large part of the $11,400 taken from her by the government would have gone to the consumer in lower prices, had not government grabbed it out of her hand.

That is a rather striking account of the effect of income tax on production and prices in the United States. I would imagine that if a carefully prepared statement were made in Canada it would be just as revealing as that one.

May I give now an example of the relatively simple means which we could adopt to bring about an improvement in the Canadian production of coal. May I quote from an address by Mervyn Brown on a national coal policy at a parliamentary dinner on April 28, 1948. Many hon. members will remember that. He said:

The extensive report made by the Milnes Coal Company of Toronto (one of the largest wholesale and retail coal distributing companies in Canada) should satisfy you as to the quality of this hard coal. This report was endorsed by many other Ontario coal dealers.

I shall read a few lines from this impressive Milnes' report, which has been widely published. I quote:

"The results of these tests carried out in our own yards and the reports from our customers were remarkable. These reports convince us that this Alberta hard coal is practically smokeless and clean to handle and that it possesses all the burning qualities of high grade American anthracite . . . It is obviously of the greatest importance that large tonnages of this hard coal should be mined and delivered to the coal dealers of Ontario at the earliest possible moment. . . . If a well designed plan for distribution is laid down to market a Canadian fuel of this quality at a reasonable price, we are confident that the product will soon command an extensive market throughout Ontario."

Ladies and gentlemen—this property has continued to lie dormant in face of the fact that during the last 25 years we have sent out of Canada approximately $887,000,000 to purchase foreign anthracite.

And this is only part of the story.

According to consulting coal engineers of high repute—this hard coal can be mined and delivered to Ontario homes at from $12.50 to $13.25 per ton—after yielding a substantial profit. Yet the Ontario householder pays an average of $20 per ton for foreign hard coal of inferior quality. The Alberta hard coal would thus save him over $5 per ton—or $35 each year on seven tons—an amount equal to another week's wages for the man in a low income bracket.

If 5,000,000 tons of this hard coal were shipped over our own railways—to the coal-less provinces of Ontario and Quebec—the saving would amount to $25,000,000 annually—an amount equal to four per cent interest on the whole funded debt of Ontario.

Ladies and gentlemen—a deposit of hundreds of millions of tons of this high-grade hard coal lies dormant in Canada—while we depend upon foreign countries to supply us with this basic necessity of life.

Listen to the concluding paragraphs of a recent report on this Highwood coal property by one of the foremost consulting engineers of the United States:

"I am familiar with all the coal fields of western North America. I know of very large tonnages of low grade coal. But I know of no high grade coal deposit that has the physical characteristics of the Burns deposit.

In conclusion, I wish to emphasize several specific statements about the Burns coal. The quality of this high-grade coal has been amply demonstrated. It stands up well to sizing, handling, transportation and weather. It abounds in such thick beds under such apparently shallow cover that it can be strip-mined at low cost. It is the greatest known body of hard coal in western North America and should command extensive and profitable markets."

That indicates to what extent we could have developed Canada's natural resources to the end that we would have been supplying our own needs in superabundance. It can be shown conclusively that we are neglecting resources of equally remarkable richness and extent in respect of several other important needs of this nation. Any genuinely intelligent administration that set out with the deliberate objective of making the Canadian people free and happy and prosperous would use these resources and would adopt the means that would use them. That is just plain common sense. You do not have to have any Social Credit theories to see that that can be done. Social Credit would realize that these resources

ought to be developed and would take the measures that would develop them.

May I quote another statement on this matter of coal. I feel rather strongly about this question; the fact that Canada submits to huge yearly imports of coal is one of the main causes of the dollar shortage about which the Minister of Finance (Mr. Abbott) is so much worried. What I cannot see is why the minister and his predecessors have not gone about some sort of solution of the problem, instead of simply getting up here and telling us about the trouble, while we go into debt and suffer. I quote from a submission to the Right Hon. C. D. Howe, of March 19, 1948, at page 4:

> The Highwood hard coal contains an average of about 1,000 more B.T.U.'s or heat units per pound than the average pre-war American anthracite.
>
> Inasmuch as probably 50 per cent of the coal in this extensive coal bearing area lies above valley or water level, competent consulting coal engineers have stated that this hard coal can be strip-mined and tunnel-mined at a very low cost per ton.
>
> This hard coal can be mined—transported—and distributed in Ontario under existing mining costs and net freight rates at a price which will drastically lower home heating bills.
>
> The annual solid fuel requirements of Ontario and Quebec for domestic heating approximate:
>
> | | |
> |---|---|
> | Ontario ..... | 6,250,000 tons |
> | Quebec ..... | 2,250,000 tons |
> | Total ..... | 8,500,000 tons |
>
> These total requirements are mainly met by United States coals and imported coke.
>
> Limited tonnages of domestic coke are produced in Canada from American and Nova Scotia coal. A very limited tonnage of solid fuels is imported from overseas.
>
> Between 1928 and 1940 Alberta shipped to Ontario an average of about 41,000 tons of coal annually, mainly to points in northern and western Ontario.
>
> We submit that this large central Canada solid fuel requirement can be ultimately mainly supplied by the development of the Highwood hard coals in Alberta.
>
> Attached to this general brief is a separate brief referring more specifically to the quantity and quality of coal in the Rio Alto (Burns) properties.
>
> It is undoubtedly your desire that Canadian coal production be vastly increased in the shortest possible time—to conserve and obtain much needed American dollars.
>
> It is undoubtedly your desire that if practicable, the standard of living be raised by drastically lowering home-heating costs.
>
> Again and again, you have warned the people of the grave dangers that lie ahead in continuing to depend upon imports of foreign coal.
>
> It is, we believe, your desire that the development of this Highwood area be carried out by individual initiative and private capital.
>
> Given certain conditions, individual initiative and private capital wait the opportunity to develop the Highwood coal area with vigour and speed.
>
> The essential condition is a firm understanding by one or both of the Canadian railway companies to construct a short spur line to serve the Highwood area.
>
> This spur will be about 50 miles in length.
>
> It should join the Canadian Pacific Calgary-McLeod branch line at Okotoks, Alberta.
>
> This line from Okotoks to Calgary can easily carry another 5,000,000 tons or more of freight annually to the main line of the C.P.R. at Calgary and to the C.N.R. at the same point.
>
> The total cost of this short rail spur line from Okotoks to the Highwood Coal areas should not exceed $1,500,000 inclusive of steel rails.
>
> The grade should be about half of one per cent in favour of the load.
>
> Construction will involve very little rock cutting and no large bridges have to be built.
>
> The spur can be constructed in about four months. If done as a war measure or a greatly needed post-war project, it might be built even more quickly.
>
> Whereas in pre-war periods a large amount of manual labour was required in rail construction, the job can now be accomplished largely by mechanical means, using bull-dozers, et cetera, with a great saving of manpower and capital.
>
> It is strange to hear comment from time to time about the "immense task and cost" of building a fifty-mile rail spur to make the product of this vast coal area available to the people of Canada.

After that information has gone on record, Mr. Speaker, if the people of Ontario and Quebec do not rise in a united demand that their fuel interests shall be looked after by the government in power here, then I must say I stand absolutely amazed at the people of Ontario and Quebec.

I turn now from production, which is the first fundamental essential if we are to avoid inflation. What are the main monetary principles involved in Social Credit proposals? They are, first, a monetary authority which would have charge of all monetary affairs within the dominion. Second, the creation of debt-free money to be spent—not lent—into circulation. This debt-free money to be backed by the goods and services, producing and consuming, of the country. This principle is the centre and core of the whole series of Social Credit proposals. Third, the use of such money to stabilize the price structure. Fourth, the progressive elimination of the debt system of finance.

I said I would undertake to show that these principles are realistic, scientific and sound. As a beginning to keep my promise, may I refer to some men whose authority as financial students it will be hard to question. First I refer to Vincent C. Vickers, who was connected with the Vickers Company in Britain.

These are the things which help to establish the authority of Mr. Vickers. He was an Oxford graduate. Consequently, as an Oxford graduate he got a whole lot of unrealistic

ideas into his head which, when he finally got them out, proved beyond any shadow of doubt that he had discovered the weakness of the orthodox and the virtues of the new. He was deputy lieutenant of the city of London; a director of Vickers Limited for twenty-two years; a director of the Bank of England from 1910 to 1919; president of the Economic Reform Club and Institute, London.

He died in November, 1939. He wrote a book named "Economic Tribulation", and finished it almost on his dying bed. It was first published in 1941 and printed in Great Britain by Stephen Austin and Sons of Hertford. These facts concerning this man indicate that if he, in the circumstances under which he was raised and lived, and considering the society among which he moved, could change his opinion from the orthodox notions of finance to opinions similar to those of Social Credit, there is something or other in the Social Credit proposals that appeal to the mind of a thinker. Vincent C. Vickers advocated at the close of his book (1) a national monetary agency; (2) stabilization of price levels through the use of that agency; (3) debt-free money spent—not lent—into circulation; (4) the abolition of the debt system of finance. See how closely his recommendations follow the Social Credit idea. Here are some quotations from his book, from which hon. members can draw their own conclusions as to whether what I have said is true. At page 74 of "Economic Tribulation" we find:

> 1. State control and state issue of currency and credit through a central organization managed and controlled by the state.
>
> 2. Stabilization of the wholesale price level of commodities; that is to say, a fixed and constant internal purchasing power of money; so that a pound will buy tomorrow what it bought yesterday; an honest pound, not a fluctuating pound. And this can be done by so issuing and regulating the volume of available credit and currency that it shall at all times be adequate to permit of the purchasing power of the consumer being equated with the volume of production; not by limiting the purchasing power, but by firstly increasing purchasing power more in proportion to the productive capacity of industry.
>
> 4. Any additional supply of money should be issued as a clear asset to the state; so that money will be spent into existence, and not lent into existence.
>
> 7. The abolition of the debt system where all credit is created by the banks and hired out at interest to the country.

Mr. Speaker, as regards that stand of Mr. Vincent Vickers, taken after a lifetime of careful study of the economic tribulation in which he found the world, which resulted shortly after his death in the greatest war of all time, the conclusions of such a man are surely such that they ought to be treated with respect.

[Mr. Blackmore.]

May I turn to another eminent authority, whom I think hon. members will find equal difficulty in disregarding. I refer to Professor Paul H. Douglas of the University of Chicago's economics department. This man has written a book called "Controlling Depressions", published in 1935. Any hon. member who has not read that book with great care I would urge to read it with great care because it is of great value. If he reads it he will come away from it a much wiser man than when he approached it. I found it one of the most compelling books I ever read, most instructive and enlightening on every aspect of economics. This is what Professor Paul H. Douglas says, after a well-documented study of the whole field of economics in so far as he could compress it in a book of about 280 pages. This is taken from his conclusion on page 278:

> A nationally managed system of currency and credit until such time as an international system may be perfected.
>
> The removal from private banking of the power of creating commercial credit and the lodging of this function in a socialized agency which will serve as the manufacturer and wholesaler of credit, and with private institutions serving merely as the retailers.
>
> The creation of credit by this socialized agency should follow two main principles: (a) to provide, so far as possible, employment or useful work for those thrown out of their jobs by business depressions, and (b) to stabilize in a rough manner the general price level.

Hon. members will notice that his proposals generally do not conform so completely with the Social Credit concept as the proposals of Vincent Vickers; nevertheless there is a striking resemblance even there. Hon. members will be interested to find that Professor Douglas advocates dividends in certain circumstances.

I refer now to certain examples of debt-free money in history, cases in which debt-free money has been used with unquestionable success. I shall name a few: the Guernsey island experiment which commenced in 1815 and went to 1829, in which great quantities of money, considering the size of the island, were issued, apparently backed by the going-concern activities of the island, and were used in building a market house, paying for debts, building dikes, building schools and so on. No ill results were noticed. This experiment is thoroughly described in a book which hon. members will find in the library, called "An Example of Communal Currency", by J. Theodore Harris, published in 1911.

Mr. GIBSON (Comox-Alberni): Was the money finally redeemed?

Mr. BLACKMORE: A good deal of it was redeemed through collecting a fee on the market house after it was built, but a great deal of it remained in circulation.

Second, the greenback experiment through which Abraham Lincoln issued over $400 million of greenbacks, backed by goods and services, produced and consumed by the United States in his time, and won the civil war.

Third, Britain's Bradbury experiment, discussed fully in two books which are found in the library by Doctor William A. Shaw: the first, "Currency, Credit and the Exchanges", published in 1926, and the second, "The Theory and Principles of Central Banking", published in 1930. They are very revealing in their instructive consideration of this subject. With these books in the library, I stand amazed that so many hon. members in the house have never given any attention to the important matter of money and what can be done with money in the way of creating a new order, not money that is collected from the people but money that can be created by the state, backed by the goods produced by the state and used by the state by being spent into circulation to improve the general economic well-being of the nation.

Fourth, the $26,000,000 which Canada created during world war I, which was spent into circulation during that war, and which saved the interest that would have been charged on $26,000,000 of debt.

The thing which I have been utterly amazed at is that there was no money created during the recent war by the government, but every single cent of the cost of that war was saddled on the Canadian people as a debt to bear interest for an indefinite period of time. This constitutes one of the public crimes of the administration occupying the seats of government today.

The ACTING SPEAKER (Mr. Golding): Order. I must remind the hon. member that his time is exhausted.

Some hon. MEMBERS: He has about three minutes to go.

Mr. BLACKMORE: Mr. Speaker, I do not wish to burden the house, but may I discuss briefly one or two aspects of the Guernsey island experiment which everybody finds interesting. There is a great writer on economics with whom everybody is more or less familiar. I refer to Sir Norman Angell. He published a little booklet, called "Your Money," around 1936. It is an interesting little booklet. There are two statements made in the little volume to which I would direct the attention of hon. members, because they have a bearing on what we have just been discussing, the matter of the Guernsey island experiment. They help to show how it was that Guernsey island was able to issue the money without causing inflation, and the extent to which she could have issued it without causing inflation. Sir Norman Angell says that the amount of money which a nation needs in circulation depends upon the number of exchanges of goods for goods, goods for services, services for goods which need to be effected in the nation; that every one of these exchanges requires money because money is the medium of exchange. Wherever an exchange is required there has to be the medium; therefore there has to be money. That gives us a valuable key to the amount of money which can safely be created in a state. I quote from the little booklet to which I referred. On page 31 the following appears:

> Guernsey's method had obvious advantages, and speaking broadly, achieved its objects and was successful.

Again this statement:

> It is not "backing" which of itself is the determining factor, but quantity in relation to exchanges needing to be operated.

I quote that because it gives such a useful hint as to the amount of money which can be created safely in a state and used without causing inflation.

I had other things which I thought I would say, Mr. Speaker, but I do not feel it is becoming that I should use the time of the house any further. Therefore I will leave other things to which I wished to refer, particularly quotations from Doctor William A. Shaw in those great books of his, and quotations from other eminent authorities, which I shall probably bring to the attention of the house at some future time.

May I now just lay down a conclusion which I challenge anyone in this house to question and prove to be untrue. Social Credit proposals are realistic, scientific, and sound, and can be so established from the finest authorities to be found in the world today, as well as from experience; Social Credit proposals will not cause inflation.

I would urge upon hon. members once again, and upon the dominion government as a whole, that there lies hope for security in Canada and an abundance with freedom, only

through Social Credit, only through the use of the power which was given to Canada by the British North America Act to create currency and credit in accordance with public need. I commend Social Credit proposals as an alternative to this bleak and forbidding budget which we are now considering throughout Canada, and from which we shall at once commence to suffer.

Mr. G. RUSSELL BOUCHER (Carleton): Mr. Speaker, I am sure that the budget announced on the 18th of this month was indeed a sad disappointment to all Canadian citizens. During the past year we have experienced a period of steeply rising prices which have made it all the more difficult for those earning small incomes to maintain a livelihood. Early last fall the austerity program was introduced, and it announced to the nation at large the necessity for economy, the prohibition of the purchase of goods from our neighbours to the south, and also heavy taxation of many Canadian-made goods which are essential to the maintenance of the household.

Early in this session, through the fear of the government that prices were rising unduly, the prices committee was set up to bring in findings to deal with the situation which was then alarming the government. Since the setting up of that committee, the Canadian people have waited anxiously and earnestly to see what would be done to relieve them of the burden of high taxation and high living expenses. I am sure many of us felt that there was a lag in production and a lack of initiative because of the difficulty which the smaller businessman and the smaller wage earner have been experiencing in maintaining a livelihood under present conditions in Canada.

The result, I am thoroughly convinced, was that Canadians far and wide expected in the coming budget a more conscientious grappling with the situation that confronted them. They certainly had reason to hope for something from the prices committee that would tend to solve their problem, but no findings have yet been brought in. The hon. member for Moose Jaw (Mr. Thatcher) mentioned this evening that the findings of the prices committee had established certain things. I fail to see where any findings have been made so far, and I do not think Canadians generally who have followed the deliberations of the committee entertain any great hope of its reaching a solution of the problems facing the country.

Everywhere throughout Canada there was a feeling that relief from taxation must come in the budget announcements. Many people urged that it be given by way of the abolition of hidden taxes, reduction in the sales tax, reduction in the income tax, an increase in the exemptions, and in many other ways which would give a further inducement to the Canadian people to work, to produce, to save and to increase their business and their production in a time of scarcity.

There is no doubt there is scarcity. There is no doubt we have markets for our goods. There is no doubt our big problem is to find ways of selling our goods to purchasers from whom we can get United States dollars for them. We can sell any goods that we can produce if we give time or credit. Consequently, the big problem facing the Minister of Finance was the problem of increasing production, increasing exports rather than decreasing imports, and, so far as we possibly could effect it, the obtaining of United States dollars, so that we could live our lives in our own country on an income which is warranted in view of the resources we have. We should have an income in excess of that of any other nation, because we have the resources and all the materials needed, and there is demand for our goods. All we have to do is to produce the goods and obtain compensation for them.

When, however, the minister announced his budget, the whole house was shocked to realize that there was practically no attempt to grapple with the situation that we find ourselves in today. I believe everyone of us felt that the government had finally made up their mind that they did not want to satisfy the wishes of the Canadian people, that they did not want to meet the demands of the Canadian people, and that they could postpone the election date a little longer.

I believe the Canadian people are suspicious of the government withholding relief from taxation, withholding their program of legislation until such time as they can hold it out as an inducement to the people to return them to power. The result is that if you walk along the street you will find that the average citizen is thoroughly convinced that no government would produce a budget so unpopular if they thought of appealing to the electorate a short time thereafter.

When we look at the concessions granted by the budget, I think it is significant of the psychology of the cabinet. They have decided to give some relief to the man over sixty-five years of age. They give him an extra $500 deduction from income tax, and I do not think there is anything wrong with that principle. There are many people in advanced years, over sixty-five, who have retired on superannuation benefits of one kind or another, or who are retiring on their life's earnings, with small incomes, who have been in straits

to maintain a decent living under the heavy taxation which Canadians have had to bear. To these men the government have opened their hearts to the extent of an increase of $500 in exemption.

In my opinion, however, there is a class of people who warrant the consideration of this cabinet to an even greater extent than our citizens who are over sixty-five years of age. I speak of the young people, the men and women who have returned from the war, or people who, by virtue of the war, have not been able to establish themselves in their own private businesses, industries or occupations, or even in their own homes. These people are beginning their life's work and are subject to heavy taxation, and I believe that relief should have been given to the young people as well as to the old.

One realizes that today, with the cost of living as it is in Canada, the householder cannot maintain himself at the standard to which Canadians are entitled, because they are penalized to the extent of twenty-five per cent on electric stoves, electrical appliances and refrigerators, so that they cannot set up housekeeping, even though those articles are made in Canada by Canadians, not requiring any major portion of United States dollars. People must still pay a tax which, according to the Minister of Finance (Mr. Abbott), was such as to prohibit our young people from enjoying the use of these articles.

We find that you can benefit, provided that you die and are not worth more than $50,000.

Mr. MacNICOL: Who wants to die?

Mr. BOUCHER: Who wants to die in Canada, as my hon. friend says?

Mr. WEIR: Not under a good government.

Mr. BOUCHER: The Minister of Finance has been, in his own words, quite generous. In respect of those foodstuffs that were previously subject to the sales tax, he has given relief, and he says he will lose revenue that should go to the treasury to the extent of something like $20,000,000 in the year. There are about 12,000,000 Canadians, and the cancellation of this tax will mean on the average a saving of about $1.60 per person per annum. That is not a very generous gesture in the attempt to bring relief from the high cost of living and the heavy taxation which the people have to bear. It indicates to me that the government has had inculcated in its mind, as a result of wartime psychology, the idea that it must tax the Canadian people in order to keep them thrifty. It must save money for Canadians because Canadians cannot be allowed to save for themselves. I believe the government has reflected its firm conviction that the Canadian people cannot be thrifty, cannot save for themselves without the assistance of the paternalistic front row in the House of Commons to do their saving for them—a paternalistic government represented in the person of the Minister of Finance.

To me that is an entirely false conception of the very spirit of Canadianism. We in this country are an aggressive people, willing to work, anxious to work, a thrifty people who are eager to put aside something for a rainy day without the government helping us to do so.

I believe that we have experienced in Canada much greater thrift on the part of the average citizen than we have on the part of the government in the matter of expenditures. I believe that if the government, in their budget, had announced where they were going to economize a little more on the reckless expenditures we have had, instead of saying they were going to make it so that people could not spend and could not buy scarce materials, the Canadian people would give a much better reception to the budget that is brought before us.

I think of the people with whom I come in contact daily; that is, the farming people in my community who are producing the goods for export and working eight, ten, twelve and eighteen hours a day to do so; these farmers are assisted by their wives and members of their families, all working on a joint venture for the production of much-needed goods to help out a hungry world. I am amazed when I find the government sending out to them an income tax statement and asking them to fill out that income tax form if they want to take advantage of the three-year average in taxation, asking them to fill out a long, white sheet, telling everything they are worth, their total assets; saying in this House of Commons: "You must have it understood that you do not have to do it until we demand you to do it", but continuing to send it out and asking them to do it, and having them believe they must do it; going to them through their representatives and saying: "You have not done so now, so we must do it. Show me your bank account for the last ten years; tell me what you have purchased for the last ten years, what you have given away for the last ten years, what you have built in the last ten years, by what amount you have increased your assets in the last ten years." By such procedure you will undoubtedly arouse the resentment of anybody placed in that position.

It is not fair to agriculture, because agriculture will see what the government is doing for other classes of people. Immediately the farmer realizes that double depreciation has been given to industry to increase their plants, their machinery, to enlarge their capacity for production, to increase their manufacturing facilities by their capital investment at a rate, as the hon. member for Muskoka-Ontario (Mr. Macdonnell) pointed out, seven times as great as that of the United States, there is every reason for him to feel dissatisfied with the requirements made upon him with regard to taxation.

Sometimes when I am out in my country and meet my farm constituents, they ask me if any of those in the front row have ever been on a farm; if they would like to come out and help make up their financial statement, their income statement for the last ten years; if they would like to help them calculate their increase in capital investment, their depreciation, their basic earnings, their three-year earnings; how they could decide that, where the daughter has lived for twenty-seven, twenty-eight or thirty years at home on the farm, helped the housewife in the house, driven the horse on the hayfork, driven the hayrake out in the field, raised the poultry to pay for the groceries of the house, raised pigs to pay for the taxes for the year, yet the farmer would not be allowed, as an exemption, her wages because the main work was within the house. Then there is the young fellow under twenty-one years of age, learning his trade of farming, perhaps attending school, going home from school and doing as many of us who have been brought up on the farm have done, taking off his school clothes and getting into his overalls, doing chores until eight or nine o'clock at night, and then going in to do his homework. Those in that position cannot help reflecting on the difference between such and those who are not in pursuit of agriculture.

I think a great picture can be painted that would impel this government in reason to allow consideration not only to the farmer who works many more hours than seven or eight a day, five or six or seven days a week, and to give more just compensation to individual initiative in the production of much needed goods commensurate with the work done, and the application given in that regard.

The same thing could be said about the smaller business people. When the small businessman or the young man setting up in a small business—be it a garage, a store, a workshop or any artisan trade—can see a big manufacturing company, as has been the case, allowed to increase its capital investment with double depreciation, while he is not allowed to do so, you again force that man to believe that this House of Commons is catering to big interests and, irrespective of what are the demands of the present day, is not considering the needs of the smaller man.

Then, when you see within our cities the civil servant, the man who is employed by the government, getting the great promises he did a year or so ago, of a re-examination of civil service salaries, wages, living conditions and classifications; when you see the Gordon report recommend that certain department offices be taken from the operation of the Civil Service Act and the appointments left to the treasury board or to a committee of the cabinet; then, when you find out that, after all that is done, the charwoman in the House of Commons can come to work about 4.30 or 5 o'clock in the morning, trudging here from her home which may be at some distance, work until about 9.30 in the morning and get a mere $3 or $4 a day, while you find the private secretary to the Prime Minister of Canada receiving a raise in pay per year of $5,000, you will find that there is plenty of reason for discontentment and dissatisfaction, and a demand for a better deal.

It is now eleven o'clock, Mr. Speaker, and I do not intend to proceed with my discussion of this matter tonight. I feel that it is but my duty, however, to point out, as critically as I can, the total lack of a realistic approach to the problems of the day in the budget as announced. I believe that the Canadian people would produce more, would be happier and would in a much greater measure solve our problems of high prices, high taxation and United States dollars if the government showed more confidence in their ability to do so than the budget reflects.

In conclusion, may I say that I believe, if our Canadian farmer were allowed to export his meat products and his farm production to the United States and sell them at the price he could receive for them there, without export restrictions, it would give us more United States dollars than the Minister of Finance is able to tell us that his austerity program has brought in since its inception.

On motion of Mr. McKay, the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): Tomorrow we shall continue the budget debate.

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

HOUSE OF COMMONS

Tuesday, May 25, 1948

The house met at three o'clock.

PRIVILEGE

REFERENCE TO REPORT IN "GLOBE AND MAIL"

Mr. J. L. GIBSON (Comox-Alberni): Mr. Speaker, I rise to a question of privilege. In the *Globe and Mail* of this morning it is stated that I attend Liberal party caucuses. This statement is incorrect, because I attend neither their caucuses nor those of any other party in the house.

Mr. GRAYDON: It is a pardonable error.

DEBATES COMMITTEE

LEAVE TO SIT WHILE HOUSE IN SESSION

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, by leave of the house I move, seconded by the hon. member for Fort William (Mr. McIvor):

That the standing committee on debates be empowered to sit while the house is sitting.

Motion agreed to.

THE KING'S PLATE

WON BY "LAST MARK", OWNED AND BRED IN BRANT COUNTY, ONTARIO

On the orders of the day:

Mr. J. A. CHARLTON (Brant): I should like to direct a question to the Minister of Agriculture (Mr. Gardiner): Is the minister aware of the fact that "Last Mark", owned and bred by James Fair of Cainsville, in Brant county, won the King's Plate yesterday, at Toronto Woodbine Park, bettering the previous record by one and three-fifth seconds?

Mr. GRAYDON: We will have another winner on June 7.

An hon. MEMBER: Also ran.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Monday, May 24, consideration of the motion of Hon. Douglas Abbott (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. Macdonnell (Muskoka-Ontario), and the amendment to the amendment of Mr. Coldwell.

Mr. E. B. McKAY (Weyburn): Mr. Speaker, the budget brought down by the Minister of Finance (Mr. Abbott) this year was, to say the least, a disappointment to most Canadians. It is a typical big business budget, which makes little or no attempt to meet the great problem of the day, that of the high cost of living. Despite increased living costs the personal income tax exemptions remain unaltered except for a few people over sixty-five years of age who are fortunate enough to have an income.

There has been only the slightest gesture to remove hidden taxes which constitute one of the nation's heaviest burdens. The removal of the eight per cent sales tax on the essentials of life should have been part of the government's program this year to meet the high prices that the consumer is called upon to pay. This tax could have been very well removed from clothing, shoes, furniture, kitchen utensils and dishes without dissolving completely away the huge surplus of three-quarters of a billion dollars which has been declared this year by the minister. But the government has removed the sales tax on only thirty-eight food items—a weak gesture indeed toward meeting the high cost of living.

The acute housing shortage could have been relieved by removing the sales tax on construction materials, plumbing fixtures and electrical fittings. If that were done I am sure there would be more inducement for builders to get on with the much needed housing program. But the government continues to do nothing to reduce construction costs, with the result that our home building program lags dangerously.

Both the farmer and labour are disappointed with this year's budget.

Mr. A. R. Mosher, president of the Canadian Congress of Labour, has stated in a press release that income tax exemptions should have been raised to ease the drastic drop in "real income," and that the sales tax should have been abolished on clothing and construction materials. There are also protests, almost without number, from farmers

and farm organizations regarding the failure of the government to realize the pressing need to meet the high cost of living by drastic cuts in hidden taxes and by an increase in the income tax exemptions. But the government does not appear to be unduly alarmed about these protests; otherwise something surely would be done about them. After its terrible blunder in removing price controls, the least the government could now do is to endeavour to redeem its position by removing taxes which bear most heavily on the consumers, particularly on those in the low income brackets. But the sales tax and the excise tax largely remain. Very little has been done to reduce living costs.

I believe that something may be said for maintaining taxes at a reasonable level in order to retire public debt. Those taxes should be collected from the people who are best able to pay them. Corporations and persons with high incomes are the ones best able to meet those obligations. Had the government retained the excess profits tax, which was removed last year, income tax exemptions could have been increased, all sales taxes abolished.

The burden which the great majority of Canadians bear in high living costs could have been materially lightened had the government brought down a "humanity first" budget, rather than one based on big business practice. It is indeed most difficult to reconcile the present attitude of the government to sales and hidden taxes, in the light of a statement made to this house in 1931, on June 4, by the late Colonel J. L. Ralston, who then protested against the higher sales tax being imposed upon the public by the Conservative government then in power. He stated on that occasion:

> Yet as I say the tax has been increased from one per cent to four cent and it is being passed on to and paid by the only people who do pay—the consumers. It is the ordinary, everyday consumers, the men and women who are hard put to make ends meet, men who are out of work, who are now called upon to pay the extra amount in connection with the sales tax.

But the attitude of the government seems to have changed. The excise profits tax has been taken off big corporations, but the sales tax on most consumer goods still remains.

I believe that one of the main evils of Canada's economy, as identified by the Rowell-Sirois report, is the heavy dependence of the government on taxes which take no account of the citizen's ability to pay. The sales and excise taxes are perfect examples of this evil. They bear equally on rich and poor alike, regardless of their income. Moreover, in hard times they discourage consumption, and hence production. In good times like the present they may not seriously retard the public demand for goods, but they definitely add to the cost of living and add to it inequitably. Sales and excise taxes simply add to the financial burden of every household in the country, and run counter to all the nation's efforts to put taxation on a sound basis.

Everyone hears and knows a lot about income tax but very few realize the import of Canada's hidden tax system. The income tax in 1947-48 placed $659 million in the federal treasury, but this represents only twenty-five per cent of the tax burden that Canadians pay to the federal treasury. The other taxes with the exception of the corporation and excess profits taxes, which realized $591 million during the last year, are much more onerous than the income tax, because they are largely hidden from view. The customs tax last year produced $293 million, excise taxes $464 million, sales taxes $372 million, and succession duties $30 million, and these together with several other taxes produced seventy-five per cent of all federal revenue from taxes, or three times as much as the personal income tax. The total tax bill for the past financial year was $2,452 million. Based on a Canadian population of some twelve million, this means that for each person in Canada there was a federal tax of $204.33, or on the basis of a family of five a tax of $1,021.65. Of this amount, sales and other regressive taxes account for seventy-five cents of every dollar paid in federal taxes.

Few people realize the variety of these taxes. The federal government taxes building materials, plumbing equipment and manufactured commodities with but few exceptions. Automobiles, pianos, rugs, kitchen utensils, and even children's toys and clothing all carry the eight per cent sales tax.

There is a federal tax on long distance telephone calls, telegrams, railway, bus, air and steamship travel. If a broken clock or watch has to be replaced, you must pay an extra 25 per cent excise tax. The government, however, has seen fit to remove the tax on the lowly alarm clock, for which all early risers are thankful. A smoker who buys a pipe or lighter pays an extra 35 per cent tax over and above the eight per cent sales tax. Fountain pens carry the same tax.

Canadian troops during the war paid $1 for 300 cigarettes because they were tax free. In most parts of Canada 300 cigarettes now cost $5.25 which means that $4.25, or 28 cents a package has gone largely into the federal treasury.

Children who buy chocolate bars are obliged to pay a 30 per cent tax, plus the eight per cent sales tax. The same applies to chewing gum. Soft drinks are subject to a 25 per cent tax, plus one cent per bottle, and there are huge federal taxes on tobacco and liquor which realize millions of dollars. With that I for one have no quarrel, because these are definitely classified as luxuries, and if the government requires taxes—and all governments do—these are commodities that could well stand the tax.

A cheque requires a minimum federal excise stamp of three cents, and one cent postage on a letter is a recently imposed federal tax. Coal, unless imported from Britain, carries 50 cents a ton excise tax, plus eight per cent sales tax, and when you pay your life insurance premium the federal government collects two per cent as tax.

If you furnish your house, the furniture and carpets include eight per cent sales tax; and electrical apparatus, including radios, electric stoves, refrigerators and toasters, are subject to an extra tax of 25 per cent. We must not forget the excise tax on matches, furs, toilet preparations, cameras and a host of other articles; and also the customs taxes which filched $24 per capita from our pockets last year, and have been reflected in the price of consumer goods.

Most Canadians will not quarrel with taxes on luxuries, but any tax on the essentials of life is unjust because it has no relation to ability to pay. Such taxes are the sales and excise taxes, largely hidden from view. These taxes bear most heavily on people with families, and substantially add to the high cost of living.

The manner in which the sales tax is collected gives rise to a further injustice. The eight per cent sales tax is placed on manufactured goods and is based on the manufacturers' selling price. When the wholesaler sells the commodity to the retailer, his markup is calculated on a price which includes the original tax. The same thing happens at the retail level, and therefore the tax actually paid by the consumer is much higher than eight per cent—probably nearer to twelve per cent. This tax should have been wholly removed from the necessities of life in order to ease the burden of the high cost of living on people with low incomes. In view of the great surplus of $700 million this year, the government should have taken steps to remove the sales tax on essentials of life and on construction materials as well. Such a measure would have been anti-inflationary and would have had a far-reaching effect on lowering price levels.

I also feel that the tax on chocolate bars, candy and soft drinks could have been removed. Children, who are the great consumers of these commodities, ought not to be penalized, especially when the government has found its way clear to remove the amusement tax on night clubs and pari-mutuels. Last year the government removed the excess profits tax. This meant a loss to the treasury of several hundred millions of dollars. This tax ought to be reimposed, and with this increased revenue the government would then be in a position to increase income tax exemptions to $1,250 for single persons and $2,500 for married persons, as is proposed in the C.C.F. amendment. Such exemptions are justified, if for no other reason than the increased cost of living in the past two years. The present exemptions are inadequate to meet the demands of the high price levels now prevailing.

I suggest further, in the interests of public welfare, that all hospital bills, doctor, dental and funeral expenses ought to be deductible from income tax. For the farmer who is finding it increasingly difficult to make ends meet, breeding herds ought to be recognized as capital assets, or at least a $500 tax exemption allowed on the yearly sale of livestock so that livestock production can be encouraged and maintained. I feel too, that in view of the biggest surplus on record the government could well afford to permit reasonable deductions from income tax for interest and mortgage payments on farms and homes if such mortgages were incurred prior to 1939.

Finally, in order to encourage farm and home ownership, I believe deductions of at least $250 a year should be allowed from income tax on the purchase of a farm or an urban home. I believe the adoption of the recommendations I have just made would do much to relieve the plight of the low income groups, and would improve the well-being of all Canadian citizens. The acceptance of such a program by this government would mark it as progressive, as a government more interested in human welfare than in currying the favour of the big interests.

Mr. JOHN R. MacNICOL (Davenport): Mr. Speaker, the hon. member who has just taken his seat began his remarks, as did others who preceded him, by saying the budget was so disappointing that the people with whom he has come in contact were greatly depressed. I am not going to take up any time talking about a matter that has caused so much depression among the people. I am going to try to do something that will lift the hearts of the people of Canada, particularly of those who live in the maritime provinces.

I have a resolution on the order paper, in the discussion of which I would have said much of what I intend to say now had I had the opportunity of speaking on it. Since I shall not have that opportunity I think it is only right that I should withdraw the resolution. Therefore, with your consent, sir, and with the consent of the house, I ask that the resolution standing in my name be removed from the order paper.

I am going to base my remarks on a Canadian Press dispatch dated April 19 appearing under the heading "Survey of maritimes shows prosperity low". In the course of this article the statement is made that the per capita income in the maritimes is only from 63 to 78 per cent of the average throughout Canada. This is indeed very low, and I will try to present a program to change that from low to high. The maritimes are the forgotten part of Canada. They have endured great depression, greater than should have been their lot.

Hon. members who were on the rehabilitation committee in 1943 and who listened to the debates, and hon. members who read the minutes of that committee, were impressed by the great opportunities there are throughout Canada if we Canadians would only review the resources of the country as we should and make some effort to develop them. The committee members themselves carefully surveyed the minutes and made a number of recommendations, perhaps a dozen. Those dozen recommendations I will reduce to five, but the five will contain the meat of the dozen.

The first recommendation was that maritime capacity to produce electric current should be greatly increased and at the same time rural electrification should be expanded. The second was that maritime primary and secondary industries should be greatly expanded. The third was that the maritime marshlands should be reclaimed. The fourth was that bottlenecks obstructing maritime trade, such as lack of a bridge across the strait of Canso and lack of a canal across Chignecto isthmus, should be overcome. Lastly, it was recommended that maritime agriculture should be given the benefits now extended to western farmers under the Prairie Farm Rehabilitation Act. I am not going to discuss all these recommendations; I will take the first two.

I began to make inquiries in the maritime provinces which I visited three times for the purpose of ascertaining what holds back expansion of industry in that part of Canada, and the obstacles the committee thought should be removed in order to make for the expansion of maritime economy. The results of these inquiries I propose to give to the house.

At the outset I suggest that lack of expansion in the maritime provinces as compared with the rest of Canada is largely due to the lack of cheap electric power. That statement is supported by the Saint John reconstruction committee in their brief, which states clearly that in the first place expansion in the production of electricity is necessary to the expansion of industry, and secondly that a surplus of electricity is coincident with and precedent to industrial expansion.

After making an exhaustive survey I am convinced that if they had cheap electricity, with their splendid resources, they would expand much more rapidly than they have done.

One might ask how they compare with the central provinces in the production of electricity.

Electricity itself comes from several sources, or can be produced from several sources: first, water or hydro power; second, coal; third, oil; and fourth, gas. It is not my intention to deal with the last two, but only with the first and second, namely, hydro power, and power produced by coal.

It might be asked how the maritime provinces compare with the central provinces in capacity to produce power from water. Well, the two central provinces are happily situated. They have magnificent rivers, with a firm and substantial flow; when they make dams on the rivers they have a considerable height of water in the penstocks at the power houses from which they are able to develop a large quantity of cheap power, and their own advancement has been largely the result of cheap power.

I know from long experience in industry that the province of Ontario—and the same is true of the province of Quebec—owes its great industrial expansion to its capacity to produce cheap hydro power. In the maritimes they are not similarly situated. I do not know whether the time will ever come, but until someone proposes a method of developing power in the tidal estuaries, the maritimes have only one real hydro-electric power, namely that on the Saint John river at Grand Falls; and that is greatly handicapped by the lack of reservoir capacity. The reservoir capacity behind it is small, and the result is that while perhaps today, when the spring freshets are running down the river, they can produce 60,000 horsepower, in July or August it will be down to 30,000.

You cannot expand industry on such hydro development. But the maritimes have what Ontario and Quebec have not, namely, very large resources of coal, and today we can produce electric power just as cheaply from coal as from hydro power. There are those

who will not believe that; nevertheless it is true. The Ontario hydro commission itself gives evidence of that, because at this moment it is building or planning to build a gigantic 150,000 horsepower plant in the vicinity of Windsor, Ontario. I have discussed the subject with their engineers, and they say that with proper coal and the latest modern high-pressure high-temperature boilers, using pulverized coal and turbo-generators, they can produce electricity as cheaply from coal as from water.

The maritime provinces have very large resources of coal, and I am sure that those resources can be their salvation in the production of power if the program I shall announce is carried into effect. And from that on, with cheap power and a surplus of power which they can easily have, they would invite industry in. I shall mention some examples of the industries I have in mind.

For quite a few years after my first travels in the maritime provinces I was convinced that unless they had cheap electric power there could not be much greater progress for them than that which they have so far attained. But being convinced that by means of their coal they can have cheap electric power, and a large surplus of it, I am equally convinced that the maritimes, if they receive the support they should receive, the support which I am going to suggest they should receive, will get on their way towards industrial expansion.

At least ten years ago, when this idea first presented itself to me, I began making surveys. At that time the whole of central and southern England was being revolutionized through the production of electricity. In England they had no hydro power of any consequence, and so they began to develop the power they require by production of electricity from coal. When I was in England making the first initial survey in relation to the production of electric power from coal, I found many new electric plants, with the most modern type of boilers. They were high-pressure high-temperature boilers, using pulverized coal which is blown in just like oil. I have seen a great many installations using pulverized coal, and you could not tell it from oil when you looked into the furnace. They had turbo-generators. With this equipment the whole industry of electric power production has been revolutionized, with the result that in every city in southern England—around London and for fifty miles out of London—you will find thousands of new industrial plants. The same thing applies to Manchester, Birmingham, Oldham, Leeds, and a score of other cities I visited to inquire into their production of cheap electricity.

All their power plants are connected together by what is called a grid system, and through their connections with the power plants of the country, they have 5,500 miles of main line grid. Today over in England their development staggers everyone who happens to have the privilege of seeing it. That power system does not cover the whole of England, and it is not the only one, but it is rapidly expanding. It is using 26,000,000 tons of British coal yearly. If we can expand maritime electricity production from maritime coal, it would at once provide a fairly good permanent home market for their coal and would take up a great deal of slack.

Following my return from England I pursued that study extensively and have been doing so for quite a number of years now. In the course of it I have visited a large number of electric power plants. Some of them were smart, modern power plants, of the new type which is called an outside-built plant. They were delivering electricity at a low price per kilowatt, as I will show later. I am satisfied that if we can assist—and that is what I intend to propose—the maritime provinces to equip themselves so that they can have an abundance of cheap electricity, they will be on their way much more rapidly than we dream of. There is no reason whatever why they should not expand like every other part of Canada, or of the United States, England or elsewhere, that has cheap power. There is no reason under the sun why they should not expand or why their industrial fabric should not expand. I am convinced that it will.

Returning from that survey in England, I travelled across the United States where there were these modern power plants using coal. I discussed the matter with the engineers to ascertain the cost of production of electricity in a coal-fired plant as compared with water, and I found it satisfactory. I am going to set out to show that in the modern coal-fired power plant, burning powdered coal—which, as hon. members know, is blown into the furnace—and with turbo-generators, electricity can be produced on the basis of one kilowatt hour per pound of coal used, 13,000 B.T.U.'s and up. The maritimes are well supplied with coal. In a few minutes I will produce evidence of that. But to continue with my reference to the survey which I made in connection with the cost of producing electric power from coal: everywhere I found that it ranged from possibly 0·9, perhaps 0·92, 1·1 or 1·12 pounds of coal per kilowatt hour to as low as 0·9 pounds of coal per kilowatt hour. That is cheap electricity. We cannot do any better anywhere.

With electricity that cheap, I am sure the maritimes would go ahead rapidly.

There is nothing that gives me so much heartache as to see what is happening in the maritimes. It is staggering to read daily in the press of the large numbers of fine young men and young women, the flower of the maritime provinces, moving away, many of them to the United States, many to the central part of Canada. Of course we are glad to have them here, but the majority of them should have the opportunity to earn a livelihood in their own provinces and to build up their own part of the country. If we cannot build up those provinces, it will be just too bad for the influence of the maritimes in the central part of Canada.

Continuing the investigation, I found that there was a great power plant—and it is only one of the many that I visited—at Michigan City, on the way to Chicago. If you go by the Toronto trains—I suppose by C.P.R.—you will pass that gigantic plant at Michigan City, with its many smokestacks. It has a capacity of 100,000 kilowatt hours of power. It powers the whole of southwestern Michigan and the whole of northwestern Indiana. The engineers will tell you that the power is produced there, on the average, on the basis of one kilowatt hour per pound of coal. That is mighty cheap power.

Some years ago those interested in the subject made a series of investigations which were referred to as the steam-station-power-costs investigation. Many were made. In the fourth investigation along that line, according to one of the editors of the *Electrical World,* a prominent electrical magazine, the average found was 0·92 pounds of coal per kilowatt hour. If therefore I base my argument for the maritime provinces on the basis of one kilowatt hour produced from one pound of coal, I am doing it on good authority.

As I said earlier, I am backed up by what the hydro are planning in their new plant at Windsor. They would not do it if they did not know they could do it on that basis. So I will say again, and I do not believe it can be repeated too often, that the salvation of industrial expansion in the maritimes—and it must be greatly expanded in order to keep its own folks at home and give them jobs—is the using of maritime coal to produce electricity. There is any amount of coal there, and the Lord has situated it conveniently. There are four main areas of coal. The largest and most important one of course is on Cape Breton island. According to our own bluebooks they have approximately two billion tons of No. 1 coal rated at 13,200 B.T.U.'s, which is a high B.T.U. capacity. Today they produce a little over four million tons of coal. They told me down there that if labour conditions were what they should be, or what they think they should be, or what the hon. member for Cape Breton South (Mr. Gillis) thinks they should be, and if they had better equipment in the mines, they could produce much more coal. I believe they can. If labour conditions were satisfactory and they had efficient machinery for taking the coal out of the mines there is no reason why they should not produce more coal. If they could produce six or seven million tons of coal, that would be a great advance in the maritime economy, because after all coal is their greatest source of revenue.

The next centre is the Westville, New Glasgow and Stellarton area, where I believe they produce about 500,000 tons a year. That coal is 12,500 B.T.U.'s, still a very high grade. The next area is in the riding of the hon. member for Cumberland (Mr. Black), at the Springhill mines, where they produce 600,000 tons a year. I have been there and looked over the plant carefully. That is a very high grade coal, up to 13,600 B.T.U.'s. Close at hand are the Joggins mines where they produce about 250,000 tons a year of 12,000 B.T.U. coal.

In the province of New Brunswick they have only one coal area, at Minto, where they have in reserve approximately 100 million tons of 12,000 B.T.U. coal. All maritime coal is conveniently situated on the mainland for transportation. In Prince Edward Island they have no coal, but they have one splendid harbour. They have more than one harbour, of course, but at Charlottetown, represented by the hon. member for Queens (Mr. McLure), they have an outstanding harbour. In that harbour they have a power plant; and perhaps I had better begin there and then go back around the rest of the maritimes. They have at Charlottetown a fairly modern power plant located on the harbour. Ships can come right up to the dock and unload, and with a simple method of taking the coal from the ships to the power plant they would have to all intents and purposes a dockside plant which would be as good as the best. Today that plant produces something around 8,000 to 10,000 kilowatt hours. They are modernizing that plant, and by next year or the year after I believe they will be producing 15,000 kilowatt hours. That is a reasonable capacity for the island, at present.

On the land side the largest power plant is at Minto, where they produce 23,460 kilowatt hours. That is large for the maritimes, but small in comparison with the hydro plants up

this way, and also small in comparison with the big plant which is to be erected at Windsor, Ontario, to burn coal. Then at Maccan, Nova Scotia, they have a really smart little plant, which I went to see a couple of times. It is much like the electrical plants I went to see in the United States, and it is now producing about 17,500 kilowatt hours. I was glad to learn that they are increasing the size of the plant to double the production, and that within a short time they will be producing 35,000 kilowatt hours. I hope to live to see the day when that production will be doubled again, in view of what I may say later as to the possibilities of expansion. They also have a fine power plant at Halifax, and two splendid plants on Cape Breton island.

I am going to suggest, Mr. Speaker, that the great lack in the maritimes has been a firm extra supply of cheap electric power. That is why they have not expanded. It is not the fault of the present power plants. I have nothing but the best to say about the maritime power plants I have mentioned, but I want to see their capacity doubled. I am convinced that another 25,000 kilowatt hour plant at Halifax would give that city the opportunity to expand to which it is rightly entitled. Another 25,000 kilowatt hour plant on Cape Breton island would permit that thrifty part of Nova Scotia to expand. Nothing will induce expansion of industry like extra power. As I said at the beginning, that is how Ontario has expanded; we have always had the power.

Mr. McCANN: We do not have it now.

Mr. MacNICOL: We will have it within another year, when the hydro-electric power commission will turn into the wires an additional million and a half horsepower from the gigantic dams being built up the Ottawa river. In addition, in two years time we will have available the big power plant to be constructed at Windsor. Therefore if we do not have the power now we soon will have it. The hydro-electric power commission is a concrete example of the result of the production of a vast number of kilowatt hours of cheap electricity distributed throughout the province of Ontario. No one knows better than the Ontario hydro-electric power commission that the expansion in this province has resulted from an abundance of cheap electricity; and this is also well understood in Quebec.

I believe I had come to the suggested new power plant for Cape Breton island. I should like to see another 25,000 horsepower plant in the New Glasgow-Westville-Stellarton area. They are almost up to capacity now, and one big new plant would meet their additional needs at the moment and leave a surplus for expansion. I also believe both the Minto area and the Saint John area in New Brunswick should have new power plants of not less than 25,000 horsepower capacity. There should be a new plant at Moncton, another at Bathurst, perhaps one at Campbellton in the north, and one down in the southwestern portion of New Brunswick. While I am at it, I believe I left out the southwestern portion of Nova Scotia, which generation after generation, has been more or less standing still, largely because of lack of power. A plant should be erected there. As Nova Scotia has the coal; why should it not have the power?

Now I come back to Prince Edward Island. I mentioned the power plant at Charlottetown. There is another small plant at Summerside with a capacity of about 1,500 kilowatt hours. A plant of 25,000 horsepower capacity at Charlottetown would permit the distribution of power throughout the island, and I am sure production would expand like nobody's business. I have been from one end of the island to the other. The power situation at Charlottetown is fairly good at the moment, but there is not much for the rest of the island. They must be given a chance to expand and develop their own resources, to produce in their home plants; and nothing will bring about that result better than an abundance of cheap electricity. I urge as strongly as possible, that these suggestions be adopted, because I am convinced that only by some such program can the maritime provinces expand. Their primary and secondary industries can be greatly enlarged, and that is essential if they are to expand economically so that their people may have something to do at home.

You may ask how all this has come about. Well, everywhere I went I asked engineers, "What would you recommend that the federal government do?" and I am going to tell you what these engineers suggested. Probably there will be other suggestions, some perhaps better than these; but the first one given me was that the federal government should advance one-third of the cost of that power program in the maritimes and one-third of the cost of rural electrification. That is what we did here in Ontario. We paid one-third of the cost for protection against floods on the Grand river, which amounted to a large sum of money. It is a suggestion which might be worth considering. In the case of the maritimes, the government could do what they are doing in the western provinces. I shall refer to that in another debate.

Next, they could make an outright capital grant as is done in western Canada in connection with conservation of water and re-

clamation programs. In western Canada outright capital grants are made under P.F.R.A. for the building of dams and dug-outs, and the same thing could be done in the maritimes.

Next, the federal government could lend money to build new power plants or to modernize or make additions to present large plants, including interlocking provincial grid transmission systems, at a rate of two per cent, repayable in forty years. Which one of these plans would be the most attractive to maritimers, I do not know.

Next, pay a subsidy of one mill per kilowatt hour for ten years for power produced and sold, or its equivalent, $1.25 a ton on maritime coal used in the production of electricity and its distribution throughout the maritime provinces.

There is a program that will bring results. I do not look upon it as being a mere matter of cost, because the federal government would reap a return in the form of sales and income taxes, and after a while in the form of succession duties, a hundred times more than what they would put into it. Aside from that, it is imperative that we do something to assist the maritime provinces. The Canadian Press dispatch which I quoted earlier refers to the average income in the maritimes as compared with elsewhere. Stop to think what it would mean if we could bring the average income in the maritimes up to the average income in Ontario.

I do not want anyone to think that in talking about the maritimes I am not talking for Davenport riding, Ontario. If such a program were carried out, Davenport riding, which I have the honour to represent, and Toronto and Ontario and Quebec would profit. As I said a few moments ago, one of the immediate results of the new power plant at Maccan was the building of a new salt plant at Amherst. This is a very fine plant employing 100 or perhaps more men and women. It is well worth going to see.

When I went through it I examined the machinery to see where it came from. I found that some of the machinery came from the fine city of Brantford. I found that the radiators were from the plant in Toronto in which I worked for many years. The evaporators had had been made in Owen Sound, in the riding of the hon. member for Grey North (Mr. Case). Other machinery had been made in Hamilton, and much of the electrical equipment came from Sherbrooke, Quebec. This shows that that new salt plant brought business to Ontario and Quebec.

[Mr. MacNicol.]

I do not know of any better way by which I can help my riding. I never talk about my riding, because I want to see the country opened up. I know that, as the country is opened up, the factories in my riding will get something to do. Just recently an announcement was made that another new plant is to be erected in Amherst by the Bendix Corporation at a cost of $9,000,000, to employ 750 people. I say without fear of successful contradiction that if cheap power is made available in the maritimes, along with proper means of transmission throughout the length and breadth of the provinces, those provinces will expand as they have not expanded since confederation.

If anyone else can tell me of any other plan that will put the maritime provinces on their feet I should like to hear it. I know that Ontario and Quebec have expanded greatly because of their cheap power. I spend my time in travelling and I try to do what I can to help Canada. I know that as the west expands, as the maritimes expand, they will order materials from Ontario and Quebec. We will get our part of it. We should all go along together. One part of the country cannot be prosperous with other parts not prosperous.

I have done my best on this occasion to present a program which, on the basis of many years of travel and survey in England, the United States and Canada I am convinced will bring about the economic rebuilding of the maritime provinces on a scale never dreamed possible.

Mr. P. E. WRIGHT (Melfort): Mr. Speaker, I should like to compliment the hon. member for Davenport (Mr. MacNicol) upon his excellent talk on the maritimes. Sometimes Toronto is accused of being selfish, but we can never accuse the hon. member for Davenport of that. He is always thinking of other parts of the country, for which attitude he is to be complimented.

Many hon. members who have spoken in this debate have prefaced their remarks by saying that the budget is a disappointment. I do not think it is a disappointment; I think it is exactly the type of budget we could expect to get from our present Minister of Finance (Mr. Abbott). I do not think the people of Canada expected to get water out of a stone, and they did not get it in this budget.

However, the Minister of Finance must be realistic. I think it is time that we had realistic people as ministers of finance in this country. The minister is reported on page 4063 of *Hansard* as saying:

I believe that all parties in this parliament and most Canadians share the view that the

national budget is no longer merely a matter of the government accounts that should be balanced every twelve months on some financial rule of thumb. We view the national budget now as an integral part of the nation's business, influenced by and having an influence upon the state of employment, income and prices.

Again he states:

This government and this parliament must accept a considerable measure of responsibility for influencing and, indeed, directing economic trends in so far as that can be done within the framework of our political and economic principles. Were we only a small municipality, unable to influence the mighty economic forces determining the prosperity of our citizens, it would still be wise for us to look further ahead than this year and to put something by at present.

I think that is a realistic point of view to take. In the past we have been like the ostrich, burying our heads in the sand and trying to make out that budgets did not affect our everyday life. However, today we recognize the fact and face up to the responsibility that budgets have a real influence and that they can be used to balance our economy and maintain a proper relationship between consumption and production in our country. Our hon. friends to the right in the Conservative party say that this is too great a power to be given to the government. However I think it is only the people's representatives who should and must accept that responsibility.

In my opinion the minister was wise in budgeting for a surplus at this time, although I do not agree that that surplus should have been the amount that it was, some $670 million. I think this year and next year the minister would be justified in budgeting for a surplus of probably $500 million. The minister should be straightforward in the matter. He should have given to parliament last year a more correct estimate of what our surplus would be.

Mr. ABBOTT: He did the best he could.

Mr. WRIGHT: It seems to me that there was too great a difference between the estimate of $190 million and the $670 million which we attained. This year we budgeted for a surplus of some $489 million. We hope that is more nearly correct than last year's estimate, and it probably will be.

Surpluses are not something that we should be ashamed of. As businessmen or farmers we are rather proud if we get a surplus. That is what we are working for, and government surpluses should be viewed in somewhat the same light. But there is a difference between a government surplus and a surplus which the average individual or business attains through individual effort. The government gets it surplus through the efforts of the Canadian people as a whole, from their industry and from the taxes which the government collects from them as a result of that industry. It is not the surplus that matters so much as how you attain the surplus and from whom you get it, and I am afraid that is where the minister and I shall have to part company, because I cannot agree with him in some of the methods by which he has accumulated his present surplus.

I think we have come to agree in Canada that direct taxation is fairer than indirect taxation. People should know where the taxes are coming from. In 1946-47 the minister collected by direct taxation $1,412,156,000, and in 1947-48 the estimate was $1,286,878,000, or a decrease of some $125,278,000. On the other hand in indirect taxes, in 1946-47 the minister collected $1,022,129,000, and in 1947-48 $1,134,325,000, or an increase of $112,196,000.

The minister would have been better advised had he collected more in direct taxes and less in indirect taxes, because direct taxation is a fairer means of taxation. But the situation is even more disturbing when we analyse the figures to determine just which direct taxes are being increased and which are being decreased.

In the personal income tax field, for instance, the minister collected in 1946-47, $694,530,000 and in 1947-48, $659,828,000, or a decrease of roughly $40,000,000. On the other hand, in 1946-47 he collected, through the excess profits tax, $448,698,000, while in 1947-48 he collected only $227,000,000. The excess profits tax was discontinued as of the first of January of this year. The excess profits tax has yielded a lot of money to the tax funds of this government during past years; in round figures, it yielded in 1943-44, $468 million; 1944-45, $465 million; 1945-46, $494 million; 1946-47, $448 million.

The minister in his budget—and the other members of the government have so stated—said that it was necessary to remove this tax to encourage production in this country, that when we wanted to increase production we had to give some incentive to industry to expand in order to obtain that increased production. If it is necessary to give industry an added incentive to produce, I think it is also necessary to give the farmers of this country some added incentive for increased production, and to give the worker in the factory some added incentive to put in a little more overtime to increase production. But the minister has not given the same incentive to these primary producers as he has given to industry by the removal of the excess profits tax.

If he had raised the income tax exemptions for the lower income groups to $1,250 for a single person and $2,500 for a married person we would have got a great deal more production. I know there is no single factor in the agricultural areas of Canada that has held up production to a greater extent than the income tax. Whether we like it or not, the farmers, as hon. members who have contacts with our agricultural areas well know, are saying that they are not going to milk cows to pay income tax, and that they are not going to feed pigs to pay income tax. Unless some incentive is given to the primary producers in this country to increase production, we can expect a rising cost of living because of the scarcity of essential food products. The Minister of Finance might very well have considered giving some exemptions to the primary producers engaged in the production of foodstuffs and to the working men who are employed in the factories and producing all our goods and services.

In my opinion the government is itself to blame for inflation in this country: first, by removing controls; second, by removing the excess profits tax, and at the same time encouraging the reinvestment of millions of dollars which might have been paid in taxation, in expenditure on new plant and equipment by allowing double depreciation on new and reconverted plants and equipment. The minister admitted in his budget speech that it is this capital expansion which is taking place in Canada that worries him, and yet the government deliberately set out to encourage this capital expansion. I have in my hand a government pamphlet entitled "Encouragement to Industrial Expansion in Canada—Operation of Special Depreciation Provisions—November 10, 1944—March 31, 1949." It is published by the authority of the Right Hon. C. D. Howe, Minister of Reconstruction and Supply. It is an enlightening pamphlet and gives the government's reasons for allowing special depreciation. It says at page 22:

> The significance of this income tax deduction, frequently called "double depreciation," was that it permitted companies, while profits and taxes were high, to postpone the taxation on a portion of their profits to a later period when it was understood that taxes would be lower. The purpose of this provision was amplified by the Minister of Finance on June 26, 1944, in his budget speech: "First, it will allow the taxpayer to recover a part of his capital whenever earnings are good but will still leave all the income or profit actually realized from the venture over its whole life subject to taxation; second, it will allow him, in respect of such new investment carried out at a time when the government has declared the conversion and expansion of industry to be desirable, to transfer some of his income from a period when wartime tax rates may still be in effect to a later period when he may expect normal taxation to be lower. To this extent, it will relieve such investment for postwar purposes from such wartime taxation of business profits as may still be in effect at the time the work of conversion or expansion is carried out.

The minister goes on to give certain examples of just what this will mean to the taxpayer who is expanding his plant and equipment. He said:

> To take three companies each having an income before depreciation of $100,000 in 1945 and each having established standard profits of $50,000: The first company having no investment in a new capital project would pay a gross tax (income and excess profits tax) of $65,000, including a refundable tax portion of $8,333, or a net tax of $56,667. The second company making an investment of $250,000, of which $100,000 was for a building and $150,000 for machinery and equipment, would pay, after allowance of normal depreciation rates on new investment, a gross tax of $45,000 or a net tax of $40,667, after deducting the refundable tax portion of $4,333. The third company making the same investment expenditures and being permitted to charge double depreciation would pay a gross tax of $25,000, including a refundable tax portion of $333 or a net tax of $24,667. The third company would thus be paying $16,000 less in taxes than the second company, and $32,000 less than the first. These amounts do not reflect the full savings by the investing companies using varying depreciation rates because some of the profits, the distribution of which may be postponed, will be subject to taxation at a later date.

This provision really meant something to these companies, and as a result of that we find that the companies themselves have taken advantage of the provision to the extent that in 1945 they made application for and were granted $232 million in depreciation for the period of operation, November 10, 1944, to March 31, 1949; in 1946, $377 million, and in 1947, $845 million, or a total of $1,392 million, after cancellations, reinstatements and adjustments had been made. The house will notice that there is a very large increase during 1947. Naturally those companies which had excess profits in 1947, and which in the normal course of events might have had to pay 85 per cent of these excess profits in taxes, were anxious to expand their plant and equipment, because they knew the government had already announced that the excess profits tax was coming off at the end of 1947, and if they could keep that money out of the hands of the government for one year they knew they would be safe. Therefore naturally there was a tremendous increase in applications for double depreciation on plant and equipment during 1947. I say to the minister that was one of the main reasons for the rise in the

cost of living and the scarcity of materials that we had in Canada in 1947, and that we have in 1948.

The minister did not give the same concessions to the house builder; he did not give the same concessions to the farmer who wanted to buy land or to expand his plant as he gave to these companies in the class which I have just indicated. Let me give a little further analysis and show the size of the companies which received this special depreciation. On page 45 of this booklet the following appears:

> Smaller projects involving expenditures of less than $100,000 were most numerous. They made up 77 per cent of all applications received, but involved only $105 million or 8 per cent of total expenditures approved. On the other hand, 3 per cent of all applications were for projects of $1,000,000 and over, and comprised $815 million or 58 per cent of all investment expenditures contemplated. These figures indicate that the major part of the industrial investment program is due to the expansion of a small selected group of large industries.

It may be all right. I believe expansion is necessary in Canada, but I do not think the larger units, which quite possibly could have financed their own expansion, should have been given these special privileges with regard to depreciation. The same thing applies to the regions benefited. On page 9 of the booklet the following appears:

> Ontario anticipates the largest amount of investment projects with approved special depreciation, $605 million. Quebec is next in line with $509 million, followed by British Columbia with $165 million, the maritime region with $65 million, and the prairie region with $48 million.

Again the whole program has been one of centralization, centralization not only in regions but in the hands of small groups of tremendously large industries, which they have been able to build through special depreciation allowed by the government. That is where I disagree with the minister. I disagree with him in the method by which we attain these surpluses, and in the method of taxation that we are using in this country. It is time we recognized that small business has a place in Canada; that small business is the backbone, and must be the backbone, of our economy. Until we give it an equal opportunity with large industry, through the taxation policy that we follow in this country, then I am afraid that small industry cannot develop, nor can we spread our industries into the areas about which the hon. member for Davenport has just spoken. We should be able to distribute our industry more in Canada than is being done at the present time. It is my opinion that the government, through its fiscal policy, can have an influence in the distribution of industry.

The government needs to adopt some new method of giving encouragement to production and the ownership of houses. If the government wishes to do that it might very well give consideration to an exemption of up to $1,000 on capital invested in a house or in a farm in this country. Thousands of our young men have come back from overseas and have settled on farms, some through the Veterans' Land Act and some on their own. Because of our present system of taxation, it will be almost impossible for these young fellows to pay for their farms. It is almost impossible for the average workingman to pay for a house because of the high cost of construction today, and that high cost is the result of the government's policy. One of the reasons for it is the government's policy of special depreciation, whereby large industries are going out and bidding for every bit of the available material in this country to use in the expansion of their own industries in order to take advantage of this special depreciation.

Let us be fair; let us give to all groups in this country an equal chance. That is my main criticism of the budget. I think the budget should be used as an instrument of fiscal policy, an instrument to give to all the people of Canada an equal opportunity.

Mr. HARRY R. JACKMAN (Rosedale): Mr. Speaker, in the two budgets which the Minister of Finance (Mr. Abbott) has brought down he has been very fond of making records. In his first budget he brought down a surplus the like of which we had not seen in Canada. The budget which he brought down last Tuesday was the most disappointing budget in our history.

My colleague the hon. member for Peel (Mr. Graydon), when he was home over the week end, was hailed by one of his constituents who asked whether the hon. member might put questions on the floor of the house. When my hon. friend replied "Yes", his constituent said, "Will you ask the Minister of Finance when the budget will be brought down?" Another man, one of my own constituents, said that this budget which we saw last week reminded him very much of the paraphrased quotation, "Abandon hope all ye who live and labour here."

During the war years the Canadian people were willing to stand any financial strain that might be put upon them and accounted it but a small sacrifice. But I do not suppose that any people in any other country during the war years had suffered such a tremendously

accelerated rate of taxation as did the Canadian people. From 1939 to 1944 our taxes rose from $500 million to over five times that amount; and now, with the federal government taking twenty-three cents out of every dollar of the people's earnings, the great question which this budget poses is this: Is Canada, by a silent revolution, rapidly becoming a bureaucrat-controlled state, or is individual freedom to survive? Revolutions can be silent as well as violent.

The second question is whether this is a production budget, or whether the high rate of taxation is destroying incentive, thus feeding the fires of inflation and taking bread out of the mouths of our people.

Contrary to the impression which the minister wished to give, taxation has decreased by an insignificant amount in total, and the rate of taxation is also very little reduced. The total amount to be taken in federal taxes, $2,384 million, is now almost as great as was the national income in 1933, when it amounted to $2,632 million. It is an amazing situation, to think the federal government is now taxing as much as the total national income was in 1933, and it is particularly amazing when we remember that the government creates nothing. The present budget offers no relief whatsoever in the personal income tax bracket, and it represents a reduction of only three per cent in total taxation from last year's extraordinary burden, when an unexpected surplus of $670 million was realized, or an amount equal to $55 per head for every man, woman and child.

Notwithstanding this unexpected windfall, the government refuses to reduce taxation. Surely the government is on the defensive, for there is not a taxpayer in the country who believes that its policy is either fair or sound.

Last year the Minister of Finance, with immodest pride, boasted that he had produced not only the largest surplus but a surplus which was equal to the aggregate of all the surpluses since confederation. This year he might equally have boasted that he had brought down a surplus which included not only last year's but all the surpluses of foregoing years since Canada was a nation. But he was singularly silent, because he knew that, while people were asking for bread, he was going to hand them a stone.

Everyone has been concerned with the rising cost of living. The government looked for a scapegoat and instituted the prices committee. As was suggested when the resolution was introduced, they have not called as a witness either the governor of the Bank of Canada or the deputy minister of finance, who could well explain the inflationary background of rising prices due to the government's war fiscal policy. Nor have they sought to discover the influence of taxation on the cost of living, which would be a proper assignment for that committee.

All taxes, including personal income taxes to some extent, tend to find their way into the cost of the things we buy. Imagine, then, the influence on present-day costs of a government which takes in taxation alone $2,384 million out of a total national income of $10,820 million, or, as I mentioned, twenty-three cents out of every dollar earned. Put in another way it means that Mister Average-Canadian is working ten hours for Ottawa out of every forty hours he is employed. Add to that provincial and municipal taxes, and Mister Average-Canadian probably finds himself working a total of one and a half days for the state, leaving only three and a half days to meet his direct family expenditures.

The surplus last year was equal to the total of personal income tax payments by all Canadians, and yet not even a gesture of thanks was made by this government. The rate of taxation is still extraordinarily high. In the personal income tax field, after the minimum and niggardly exemptions, the first $100 earned is taxed ten per cent; when $500 is earned the rate is twenty per cent; if $8,500 is earned the rate is thirty-five per cent; and when $17,000 is earned the rate is fifty per cent, from which point it rises to eighty per cent, and if there is investment income in excess of $1,800, there is an additional four per cent.

The smallness of the exemptions and the rates of taxation speak for themselves, and one need hardly refer to the fact that the rate at the peak of taxation a few years ago was but a few per cent higher than what we are faced with today. It suffices to say that in the peak year of 1944-45 income taxation produced $768 million, and in 1947-48, $660 million, or a reduction from the wartime peak of a mere fourteen per cent. Whatever the reductions may have been, they are a far cry from 1939, when the total personal income tax taken by the government was $61,000,000. We still have an increase of 1,100 per cent and are apparently not entitled to any reduction.

The minister mentioned that he was budgeting for production. The facts indicate that he is budgeting for a continuance of the high cost of living, which is not to be confused with inflation. How any government thinks it can extract twenty-three cents from every dollar of national income and not force prices

up is beyond imagination. The fact that the government have just removed the eight per cent sales tax on certain processed foods is an indication that in their heart of hearts they know that taxation is directly contributory to the high cost of living.

In view of what I have said, what does the minister mean when he said there have already been three substantial reductions in the personal income tax, and it "offers no serious impediment to work or initiative—at least none that could be removed by any further reasonable reduction". His qualification would seem to admit that any taxation interferes with incentive and therefore with production.

I think he is right up to a point, but he has lost his sense of balance when it comes to calculating the effect of restoring even a moderate amount of incentive. Incentive-destroying taxes are the greatest sin against the financial integrity and the productive efforts of our country. If given reasonable incentive and rewards, Canadians will work like beavers preparing for a long winter.

One of the amusing and amazing things about the minister's budget is that the extraordinary amount of surplus last year, $670 million, was unexpected. But once having got it into his hands, he finds a thousand and one reasons why he should keep it there, and why this method of painful extraction should be continued indefinitely.

There is nothing new in the idea of a cyclical budget. It has been practised by people with common horse sense for at least five thousand years. Now, however, the individual is not to be allowed to keep what he earns, but the state will keep it for him. The state, not the individual, will provide for the proverbial rainy day. It never has in the past.

The unexpected size of the surplus is a reflection on the government's estimates and the whole theory of a managed economy. One would think dire calamity would happen if the government did not retain last year's surplus and budget for another one. Once having gotten a surplus, even by chance, and finding that the people have not been forceful enough in asking for some relief, the government have thought up ways and means of keeping from the people their own money. The government have therefore trotted out the idea of cyclical budgets on the basis of taxing for a surplus in good times so that they can spend more of your money than they take away from you in bad times. In the meantime the individual is lost sight of.

Are Canadians not to be trusted to look after their own earnings, or must the government do it for them? Who built Canada up? Was it a race of foolish, improvident people or a race of pioneering, hard-working, thrifty, God-fearing people? Money will burn a hole in the government's pocket just the same way as if you take a spare $100 out of your bank and carry it around loose in your pocket.

Are we to build up the state and forget the individual? Never can you have a prosperous state without a prosperous people. Do Canadians want the state to look after all their housekeeping? Do men and women want to rely solely on the state for their jobs and for their old age? No, they want an opportunity to provide for themselves. They do not want to be spoon-fed like a baby, but rather they want a chance to manage their own affairs like men. Anyone who has been familiar with government spending knows that the individual usually obtains much better value for every dollar spent than does some government agency with its tremendous overhead and its lack of regard for the sweat and toil which savings represent. It is high time that the reins of government were taken out of the hands of a bureaucracy and were returned to parliament and the people.

No consideration was given to allowing the wage earner or the farmer,—again with his own money—any relief to meet the rising cost of living. With an amazing and unexpected surplus, the least that might have been expected was some increase in the present tax exemption levels of $750 for a single person and $1,500 for a married couple. It has always beggared the imagination of the speaker that any government should place a direct tax which lowers the standard of living below the minimum level to which Canadians with their skill and resources are entitled. With the cost of living increased from 130 in April, 1947, to 153 in 1948, or eighteen per cent, one would have expected that a trustee of the people's money would afford them some small measure of relief, despite three trifling reductions since the peak of wartime taxation. Perhaps a change of trustees is long overdue.

The ability of the government to concede and the need of the people for some increase in tax exemptions are so clear that one can only surmise that any reasonable government would have been willing to grant some concession, had it not been for an administrative bureaucracy that just did not want to go to the trouble and bother of changing the income tax forms.

The only managed economies which we have known in recent times were the national socialist regime under Hitler, the fascist

corporate state under Mussolini, and communism under Stalin. Once you put the money managers in the saddle, their every excuse for failure is "give me a little more power; let me tighten the reins a bit more and use a little more severe bit in the mouth of the once gallant horse." Finally, the animal is completely tamed because it has lost its spirit; but it does not win any more races and it does not perform in the way it used to. The spirit of enterprise is lost and a general lowering of the standard of living is the result.

Surely this continent has seen enough of managed economy when the Roosevelt pump-priming experiment was unsuccessfully tried in the United States, and billions of dollars were thrown away in an attempt to get the United States economy moving. Let me tell the minister that all the cyclical budgets in the world and all the pump-priming in the ocean are not worth a nickel as compared with the force of men's fears and hopes.

The minister talks about inflation and how his present action in denying the people what is rightfully theirs is best for them. The candy, which is not the minister's candy after all, is to be handed out one stick at a time and the child is not allowed to have the whole bag in his own possession. But the minister overlooks the fact that he himself may lose the bag. The house might have been more interested if the minister had explained that the government itself is responsible for inflation; that inflation is due to nothing more or less than the wartime fiscal and monetary policy of his government; and I am not criticizing him at the moment for that. He might also have pointed out that too much money is just as inflationary, whether spent by an individual for something useful and where value is received, or whether spent by the government for something likely a good deal less useful and likely where value will not be received. In an interesting speech by Courtland Elliott, C.B.E., who has the happy advantage of both a sound theoretical training and a practical background, he has this to say:

> The fact is that government expenditures and their financing are the most potent inflationary forces in the world today. Yet having absorbed the shock of present tax rates, we seem to be willing to accept the delusion that taxes cannot be reduced because of inflationary measures. I venture the prediction that when times change we shall accept the explanation that taxes cannot be reduced materially because we shall then be in a deflationary period and relief and public works expenditures will require high taxes.

It is incredible to anyone with a knowledge of government ways and particularly of political pressures that any government could be a saver of money over a long term. It might have been possible at some time in our history, but not since governments have allowed themselves to be held responsible for the prosperity of the people. Moreover, it is hard enough to save money when one has worked for it with the sweat of one's brow. But as far as the government goes, there is a saying, "Easy come, easy go."

It was also interesting to hear the minister say:

> In any case, once full employment is reached, as it was last year, any expansion in total output is bound to be limited and gradual.

This is a nice pretty statement which just does not mean a thing. I can think of no economic group in the country that would not produce more if they did not have the burden of an additional rate of taxation on additional production. What has happened to the minister's clear thinking when in his budget of 1947 he said:

> It is the high marginal rate of tax on additional earnings that discourages additional work, enterprise and initiative and consequently we must aim in our reductions at cutting down these marginal rates of tax.

There is not a farmer member of this house who does not know that more milk and butter could be produced but for the discouraging effect of higher taxes on additional production. The same applies to cattle and hog raisers; and indeed I am told that good hired men will not even work for bosses who make income tax deductions from their pay. The result is that the farmer pays the tax himself. The hired man is interested, as is everyone else, in take-home pay, and if it is not high enough he strikes for more. The same thing applies in our cities to household assistants. We would have more houses built if carpenters, plumbers and plasterers were not faced with incentive-destroying taxation. There is no need to stop at the artisan classification. Nurses often have carefully figured out just how much income takes them into the next higher bracket or causes their husbands to lose their marital exemption. The same goes for professional men, who now indulge in long, extended vacations because of the economic futility of working additional hours. What is the use of working an extra evening in the week if the bulk of the earnings is to be taken away in taxation? If we lived in a vacuum the minister's contention might be right; but we do not, and it might be a good thing if he had a little more time to go around and learn something about the problems of his constituents in St. Antoine-Westmount.

Mr. ABBOTT: He gets around quite a bit.

Mr. JACKMAN: Well, it is surprising that his majority the last time was only sixty. Continued high taxation has led and will lead to demands for higher wages, to strikes, and to a lessening of production. Only recently it was noted in the newspapers that the medical doctors had increased their fees. All taxation—and this goes for income tax, too—eventually enters into the cost of the things our people buy. It is hard enough to get people to work for themselves, much less for the government.

Another point on which there is some confusion, Mr. Speaker, is this. Full employment does not mean full production. Many times in Canada's history we have had full employment when production, both in agriculture and in industry, was but a bare fraction of what it is today. Doctor Mackintosh of Queen's university recently pointed out that the gross output in Canada in 1938 was $5·1 billion and that this year it will exceed $14 billion. Our population has not changed substantially in that period. After allowing for the rise in prices, the increase in real output per capita is about thirty-five per cent. The output of all workers has been increased by the use of more power, capital equipment and management. With some incentive to businessmen, particularly owners of small businesses, to acquire the machines, and with some incentive to the workers to operate the machines to the full, then we can expect a still further and immediate substantial increase in production. Full employment and full production are not necessarily the same thing. The brawn, muscle and skill of the farmer or workman when directing the power-driven machine has made possible the steadily rising standard of living on this continent. We need to encourage, by restoring incentive, owners to venture forth and workers to put forth their best efforts, so that the national pie will be greater and the slice of each will be larger.

The minister says that "to slash our taxes now would fasten controls more securely on our national life." The opinion of many is that if we do not restore incentive and production the government will always find reasons for retaining controls to regulate the distribution of scarcity. Again, it was interesting to hear the minister say:

> It has done what a government could do to meet inflationary pressure by the most fundamental method, that is, by stimulating increased production to satisfy excessive demands.

Later on he said:

> On our taxation side, our policy has been to reduce our taxes where they were impeding work and production.

What a change in his thinking from last year; or shall we say, what wonders were worked by a small dose of Abbott's relief remedy! The small cut in taxation which worked this miraculous cure was so powerful that it must have been encased in an atomic bomb!

The minister directed attention to our national expenditures, and mentioned particularly the large amount that went into new construction, industrial plants and equipment, public utility projects and housing. I shall not criticize the government unduly for its policy of double depreciation. At some time in the life of a plant the cost is allowed to be written off for replacement purposes, and the fact that the depreciation was accelerated does not necessarily mean that the total tax take is less. I would point out, however, that the policy of double depreciation was another example of faulty planning. Hindsight shows it to have been totally unnecessary and to have aggravated the inflationary tendencies aready existing in our economy. Had we needed to create employment, it would have been a fine thing, but once again our economic managers saw dimly through dark-coloured glasses. The effect of upping our dollar from 90 cents to 100 cents U.S. also had the effect of encouraging manufacturers to embark on extensive capital improvement programs requiring the importation of American machinery, and this at a time when we did not need to encourage expansion on the part of anyone. As a result of accepting the advice of those who hold themselves out as expert managers of our economy, the minister was able to say:

> Our forecast proved to be much too conservative; prices, wages, profits and expenditures all increased much more than we anticipated.

On all four counts the government was wrong. In his reference to the rapidly rising price level in Canada, the minister said the adjustment was inevitable but was made easier because of the government's action on July 5, 1946, in restoring the Canadian dollar to parity with the United States dollar. Of course he does not think a ten per cent increase in prices would have discouraged the buying of American products by Canadians. Many of us think otherwise. Now that he is in a distressing predicament in regard to United States exchange, having wilfully lost the country's reserves, he imposes embargoes and import restrictions. Just yesterday morning a fresh batch of import restrictions were announced by his colleague the Minister of Trade and Commerce (Mr. Howe). This is just another example of how one control breeds another, until the camel is occupying the tent and the

Arab is outside shivering in the cold of the desert night. Furthermore the Minister of Finance should write it down in his copy book that Canadians will not permanently accept a lower standard of living than Americans, and it would be interesting to know what his government has done to increase the purchase of Canadian products by the United States. Indeed I should have thought at least half the cabinet would have been in Washington in an endeavour to increase our trade with that country, particularly to have them buy more of our products.

As to the corporation tax, little need be said at this moment. Before the war it was eighteen per cent; and I hope my hon. friends of the C.C.F. will remember that. It is now thirty-five per cent or thirty-seven per cent, depending upon the province in which the corporation carries on its business. It is true that the excess profits tax has been done away with as of the end of last year, but its place has been taken in large part by the increased normal corporation tax rate. I do not know whether anyone thinks corporations are soulless treasure houses that have some endless means of paying taxes, but one might as well realize that corporation taxes, like all other taxes, rapidly become absorbed in the cost of the articles corporations make and sell.

If I may refer again to the theory of the cyclical budget, the minister has pointed out the advisability of saving in good times to tide over bad times. If it works that way, the principle is sound. But the political philosophy to which most of the members of this house subscribe is that the state is but the sum total of its people, and I for one would prefer to see our people with some reserve themselves, so that like sensible human beings they could have some fat on their bones to tide themselves over the more difficult times. Again I would reiterate that a pump-priming has never been successful in any country and that individuals are entitled to put something by for their own rainy day in the same way as a veteran is entitled to save some of his money, so that he may make a down payment on the small home he so badly needs; or a farmer or a businessman is entitled to retain some of his earnings to pay off his borrowings. Parents are likewise entitled to put something by for the education of their children, to say nothing of their own old age.

The minister also mentioned as a reason for a cyclical budget that we might be confronted with a large increase in expenses for national defence. To quote him, he said:

> Otherwise we would have to add to the other disturbing effects of an expanded defence program the complications of sudden inflationary expenditures or sudden increases in taxes. A substantial surplus will help to keep our powder dry.

To this I may only add that what is needed to deliver the goods is a new powder monkey.

In the last war we froze our civilian economy and the wages of our workers in civilian production. In order to expand our war production, wages of workers in war industry rose to new high levels, so that boys of sixteen and seventeen found themselves earning much more than their fathers whose wages were frozen. It was, of course, necessary to drain off some of this surplus purchasing power, because civilian production could not be expanded. I wonder what is to become of our economy and our freedom if, on top of the present high levels of taxation, we had to increase, because of armament expenditures, our general level of taxation. If we were fighting for our freedom against a foreign foe we should surely lose it to those who were regulating our internal economy. For this reason, if for no other, the minister should endeavour to cut down government expenses and reduce our level of taxation, so that it is not only bearable but able to stand the imposition of wartime taxation.

In his third reason for a cyclical budget or a managed economy, the minister stated:

> Tax reductions would add nothing to production.

In this, as I have already stated, I think he is immeasurably and entirely wrong. He made a reference to certain unknown strong or fortunate groups who could look after themselves if the inflation he feared took hold. May I say to him that, like war, inflation is a national calamity and I know of no one who does not fear it as one should fear the devil.

The one small bone that Mother Hubbard was able to find in the cupboard was the elimination of the sales tax on processed foods. Nothing contributed to the rising cost of living more than the pyramided sales tax, and I think it was a surprise to many that this tax was applied against a great list of food products that did not happen to be sold in their raw state, such as cereals, all packaged foods, all canned goods, preserves, jams and jellies, and all smoked meats such as sausages, bacon and ham. It had always been understood that the sales tax did not apply to two of the three great essentials of life—food and shelter—and now that understanding is virtually a reality. For this I congratulate the minister.

It is interesting to note, however, that he says that this relief from taxation will create little additional inflationary pressure. I agree

with him, but not more so than I would agree with him if he were to reduce taxation generally.

Time will not permit me to go into the comparison which the minister made of United States taxes with our own, but I would point out that the tables which he placed on *Hansard* clearly show that our own system of taxation is anti-social. The single man is taxed more in the United States, whereas the married couple are taxed more in Canada. I congratulate the minister for granting an additional exemption to people over sixty-five years. It was long overdue.

As to succession duties, I should like to say just one word. While I have not had an opportunity to examine the effect of the changes, I am one of those who believe that succession duties are one of the fairest forms of taxation. Large inheritances make for inequality of opportunity among our citizens, and substantial succession duties provide a desirable source of revenue because they have not the objection of incentive-destroying taxes.

As a final justification for withholding from the Canadian people a substantial part of what they create and earn, the minister said:

> The activities and scope of government in Canada have been extended by popular consent and indeed by popular demand. Parliament and the government have a wider responsibility than before the war, particularly in the field of economic affairs.

This cannot be gainsaid, but any government which is worthy of the name should be at some pains to point out to the people that the money which goes to finance social services is not created out of thin air. Because of the extent of our social services, no longer is the money taken from one group and paid over to another group of our people. Every family in the land is subject to direct and indirect taxation for the express purpose of providing these social services, although many people have the feeling that someone else is paying the shot. True leadership would indicate to our people that the extension of many social services simply means that they will be taxed in order that the government may provide them rather than that they will be able to save in order to provide the services for themselves. The money will in either case come out of their own hard-earned savings.

Already taxation, federal, provincial and municipal, is taking close on to a third of what all our people are producing. This is a startling amount in comparison with pre-war figures. If it goes on far enough with a few per cent added each year it will soon bring us up to fifty per cent of our earnings being retained by the government. We shall have lost our freedom as individuals and be subject to some form of state socialism or of outright communism. Again, revolutions can be silent as well as violent.

Canada was built up on the principle of individual liberty, and if one is not permitted to have some financial reserves he loses his economic freedom. The liberties which we hold most sacred are lost to us because we are subject to political domination at every turn. It is my belief that we shall do better, that we shall be more creative, that there will be more to divide and distribute among all if free enterprise is allowed to function and the individual is permitted to retain his economic freedom with which goes his political liberty.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I have much pleasure in congratulating the minister upon his budget. My first reason for offering congratulations is that, notwithstanding the headlines and prophecies of federal members and others, there was not one bit of leakage until the minister announced his budget. As one hon. member said, "Only God and Abbott knew what was in the budget." Considering the pressure, considering the telegrams and letters which he received, I think this is proof that he is a man of stability and one who can keep his own counsel.

This proves that those who prophesied a great reduction in income tax were false prophets, and I would give a warning now to those who are beginning to make prophecies about the next budget, that it will be an election budget. This means, I suppose, that there will be no tax reductions, that the budget will be just as tight as this one. If it is, it will certainly be a feather in the cap of the minister. It is easy to do the popular thing. I listened, for instance, to members of the opposition urging that old age pensions should be increased to $60 a month, and I think they should. If I were an old man and had nothing to live on but $60 a month I would not be able to go very often to the picture shows, and I certainly would be glad that I did not smoke a pipe.

The hon. member for Brandon (Mr. Matthews) struck a very fine note when he said, in effect, that this was a good business budget. When I contract a debt and sign a note, Mr. Speaker, I am in duty bound to take up the note and pay the debt, and when we realize that, according to the hon. member for Brandon, one billion dollars has been paid off the national debt within two

years, meaning a reduction of $30,000,000 in interest charges, that is something for which the Minister of Finance (Mr. Abbott) is to be commended.

Another thing for which I commend the Minister of Finance is for not making promises. It is so easy to make promises. So many men in different walks of life have found themselves in difficulties because they could not fulfil their promises and somebody took legal action against them for breach of promise. You cannot do that against our Minister of Finance. The only man who has made a promise to this house is the Prime Minister (Mr. Mackenzie King), and he has made a good one. The hospitals are finding it very difficult to carry on and to find sufficient beds for their patients, and the Prime Minister has promised $30,000,000 to help them. That will be very helpful indeed to those who are ill.

Another thing upon which I congratulate the minister is this, and I was reminded of it by a letter that I received yesterday from somebody at Fort William who has found that this budget makes a difference in her grocery bills. She says that this is the first time she has experienced a little relief from high taxation, and she mentions a reduction of five cents a pound on ham and bacon and says that her grocery bill will be smaller So that is the best kind of tax reduction for her.

The minister may be up against it a little, because he has given some relief in his budget to the men and women who are over sixty-five years of age, for he may find that there are more people over sixty-five years of age in Canada than he thought there were before this budget came into existence.

I would have liked to see a reduction made in the sales tax for the relief of our retailers, and I would also have liked to see the excise tax reduced. But there is a long year ahead of us and many things can happen in that year. I notice that the tax on silver-plated articles has been reduced. I would like to see watches put on the free list. Watches are used universally and are a necessity. I would also tell the minister that he should give some relief in the matter of wedding rings. They, too, should be put on the free list. Imagine a young man getting married and not being able to buy a wedding ring, and then two or three weeks afterwards his wife goes to a social gathering and it is seen that she has not got a wedding ring on! The Minister of Justice might say that was the beginning of a divorce, but of course that is not always true.

Another thing I would like to see is some relief for the mining industry. I have received a number of committees from the mining industries at the head of the lakes, and I would like to see a little more help given to our mining industry. When we could not get jobs for our men during the depression I remember how we used to go to these mine operators and how they helped out our unemployed. I am sure the minister will take this into his sympathetic consideration.

I would also like to express the thanks of our community to the government for having increased by twenty-five per cent the pension that is paid to those who fought and risked their lives for us. That will come out of the surplus for next year perhaps. I think it is the absolute duty of the dominion government to look after these men, and the women too, who gave their best and came back less fit than they were before to do their life's work.

When the Prime Minister promised assistance amounting to $30,000,000 to the provinces, I was very well pleased because we in Fort William need hospital aid. If a certain government is elected in Ontario I expect we shall get about $300,000, but if another government is elected maybe we shall not get it. When I see beds in the halls of hospitals, outside the maternity ward, the children's ward and other wards, I say it is high time that our governments got together, and I thank the Prime Minister for this encouragement. When the provinces make their recommendations to the dominion government they will get their share, but it is necessary, of course, for the provinces and the dominion government to get together.

I should like to say in closing that in Canada we have more nearly realized than any other country, including Russia and even New Zealand, the four freedoms. Where is the man today who cannot get a job? I know some people may have difficulty in getting work because of poor health or accident or for some other reason; but there is no reason why, if a man is willing to take the first thing that comes, as you and I did, Mr. Speaker, and work at that until he gets something better, all our people can be employed, and that makes Canada the greatest country on earth.

Mr. W. A. McMASTER (High Park): Mr. Speaker, the few remarks which I shall make this afternoon will, I hope, be constructive and mean something in the future as to the manner in which the government brings down its budget and perhaps also as to the manner in which this budget will be dealt with at a later stage by the house this session.

I heartily agree with the Minister of Finance (Mr. Abbott) that in good times we should budget for a surplus. As long ago as 1791, Alexander Hamilton, who was perhaps the

first and leading economist of his time in any country, said this in his report to congress:

> As the vicissitudes of nations beget a perpetual tendency to the accumulation of debt, there ought to be in every government a perpetual, anxious and unceasing effort to reduce that which at any time exists as fast as shall be practicable consistently with integrity and good faith.

From that time until the present it has been the hope, the desire and the aim of every country in its budget to have a surplus in good times so as to be able to meet the deficits which are bound to come in the bad times which have always followed. In the United States in the time of Hamilton they had a debt of $77 million. This was progressively reduced until in 1812, when the war with Great Britain broke out, the debt was only $45 million. It was increased by that war to $133 million. This again was reduced until 1851 when it stood at $68 million.

The civil war, which was perhaps the greatest war of all time up to that date, increased the debt of the United States to $2,756 million, which for a people of thirty million, was not anything like the debt which we are now bearing in Canada, but which at the time was thought to be almost unbearable. However, the United States faced the problem, and in the year 1893 this had been reduced from $2,756 million to $838 million. Because of the depression which then arose, it stood still until the beginning of the great war.

The first great war raised the debt of the United States to about $25 billion, which, at the time, was thought to be almost an astronomical figure. They again attempted to reduce it and in fifteen years had reduced it by $9 billion to about $16 billion. Then came the depression of the thirties and the debt kept going up until in 1936 it amounted to $34 billion. In fact it doubled in those depression years.

We all know that the last war increased the debt of the United States to such an extent that it is now about $269 billion. At the present time they are doing what they can to reduce this debt.

I must say that in the last year the United States had an income of about $40 billion. While they had expenditures of $42 billion, in that $42 billion they include all loans which they made to other countries. As I recall it, about $7 billion of the $42 billion is made up of loans made to European countries. That is why I am going to say that in Canada actually we have no surplus. It is true that, because of the bookkeeping methods we have adopted, the minister shows a surplus of some $450 million or $500 million, but certain things do not appear in the expenditures. For instance, they show only $75 million toward a sinking fund. We must remember that during the last year we advanced to other countries the sum of about $646 million. This advance of $646 million was one of the main factors which produced large incomes in the country. It is fair to say that of this $646 million, which was spent in loans to other countries, and out of which goods were provided, perhaps as much as half, or over $300 million, would be taken back by the government in the form of taxes. This is more likely to be the case, because that extra amount of money which was obtained by the people would be added on to the ordinary income of the people and would place them in higher income brackets. Therefore I think the Minister of Finance in his budgeting should have allowed about $300 million—which is about one-half of what the United States allowed—as an expenditure during the last year. If that were done the surplus would, of course, practically disappear.

It is unfortunate that the minister, in some of his talks to the newspaper men last year, referred to a surplus. As a result of that, a great deal of adverse criticism was voiced. Actually, if the figures had been put on the same basis as they are placed in the United States there would not be a surplus at all, but a deficit.

I have looked into the figures of this year, and I have been unable to find about $50,000,000 which was voted to the provinces of Saskatchewan, British Columbia, Alberta and Manitoba last year. To my way of thinking, that is as much an expense as if it were paid out of your pocket, because actually before that time it had been carried as an asset of government. The writing off of it amounted to an expenditure. I spent some time looking, but I have not been able to find where the payment appears in the accounts as presented by the government. I very much doubt whether it appears anywhere. That would reduce the surplus also.

It is of great importance that we have a surplus in good times, because of the method of showing the receipts from income tax, corporation taxes and other taxes. I wrote a letter to the Minister of National Revenue (Mr. McCann), and he quite frankly replied that so far as the receipts for any fiscal year are concerned it means all the money that is paid in for that year. He refers to an example I cited and says:

> In the example which you have cited, if a taxpayer paid his 1946 tax on the first of March, 1947, it would be considered as 1946-47 revenue. If a similar payment, even although it were on account of 1946 tax, were made on the 15th

day of April, 1947, then that payment would be considered as 1947-48 revenue. The taxation year for which a tax may be paid has no bearing whatever on the fiscal year to which the revenue is credited.

It may be said that for statistical purposes separate records are maintained with respect to the amount of tax collected for any particular calendar year. This is entirely separate from the amounts which are considered as revenue for the fiscal year.

Therefore one might expect that if a depression came along the moneys which may be received for any year may be very much less than the money actually paid for that year; because of that, I say the listed receipts for any year do not actually give the amount of money that was paid for that year; and for that reason also the surplus shown is uncertain. It should be scrutinized closely and should not be accepted as the definite amount of any surplus.

The question arises, how do you produce a real surplus? Of course there are only two ways by which a government can produce a surplus. They are similar ways to that by which any person in private life could produce one. You must either increase your revenue or reduce your expenditure.

I should like to deal for a moment with the question of reduction of expenditures since I would be the last person to suggest to the Minister of Finance that he should increase his revenue in any way, because the hon. member for Rosedale (Mr. Jackman) has shown that we are now paying twenty-three per cent of our total income in taxes. When we take into consideration provincial and municipal taxes the amount is probably thirty-three per cent. We must remember that everybody is not paying thirty-three per cent. Some people pay no taxes; others are paying ten per cent; still others are paying fifteen per cent, and so on, but some are paying seventy-five per cent or eighty per cent. But if the total amount of taxes paid is thirty-three per cent of the total income, then I believe the future of our country looks very bleak indeed. I recall that we used to talk about England as the country of high taxes. As I recall it, the highest amount paid there was thirty-six per cent of the total national income. We all know what conditions were there at that time. If these conditions obtained in Canada in ordinary times it would impose a very great burden indeed upon the Canadian people.

The minister may ask me how I would reduce expenditures. I say to the minister that expenditures must be reduced. Actually a great deal of them cannot be reduced. I recognize as well as the minister does that the interest on the national debt must be paid. I can understand and appreciate the fact that we are paying a very low rate of interest on that indebtedness; that the amount might be increased; that, instead of being $450 million, it might easily be $550 million.

I recognize at once that, since we have started to pay family allowances, we shall continue to do so. It would be a tremendous undertaking on the part of any government to change that. I understand that our veterans must be looked after, and all these uncontrollable expenditures must be taken care of, but there are other things that the minister must face. I went to some pains today to look at the increase in expenditures from 1938 to last year, and in some cases the present year, and I find that those expenditures which are purely ordinary administration and departmental expenditures, could be kept down more than they are.

We are going ahead, putting more people on the payroll, paying them more money, and while it may be good for these people, I can only say to the minister that if he keeps on in that way he is doing what the C.C.F. wants to do. He is putting everyone on the payroll. You cannot spend yourself into prosperity by having a lot of people on the payroll, any more than you can drink yourself into prosperity. The minister must face these things.

I would point out some of the departments in which there has been a tremendous and unjustified increase. Let me take first agriculture, and I am speaking now of the administration end of it. I begin with 1938-39, which was perhaps a normal year. We shall be lucky if we ever have an average year as good as that in the rest of our lives. I do not know whether we shall have any better times than in the past, but I do not think the millennium is coming soon. It is rather the other way around; it is farther away. In 1938-39—I will say 1938 for the sake of brevity—we spent in agriculture for administration $9,527,000. In the year 1948-49, as set out in the estimates, that is now $18,000,000.

Mr. ABBOTT: The hon. member for Souris wanted us to double it again. He suggested the other night that we double it.

Mr. McMASTER: The hon. member for Souris is an enthusiastic agriculturist, but I am not speaking about the things to which he was referring. I am speaking about administration, whereas he was speaking about that which has to do with the production of better grains, cereals and so on. Go ahead with that as much as you like, but keep down administration expenses.

Mr. ABBOTT: It requires administration if you extend those services.

Mr. McMASTER: In external affairs in 1939, when we were an ordinary country minding our own business, we spent $1,057,000, and for the next year we shall spend, as provided by the estimates, $9,777,000. It has gone up 900 per cent. It seems to me that Canada is going beyond the point it should go in these expenditures. I realize that a great deal of this is caused by present conditions. Maybe a million of it has to do with the united nations and perhaps half a million with other organizations which are more or less international in character; but I still say that we are spending altogether too much on external affairs, and I suggest that we can reduce the taxes on our people if we do something in this connection.

I come now to something I do not understand, and that is the annual amortization of bonds and commissions. In 1938 we spent practically $5,000,000, and that has gone up to $8,000,000.

In the finance department, which is a large department, I know, administration cost about $3,500,000 in 1938, and that has gone up to over $20,000,000.

In the fisheries department there has been an increase from $2,036,000 to $5,996,000. After all, while we can do something for the fishermen, we may have to do something more than that for them in bad times, because they have had bad times in the past and may have bad times in the future. Perhaps an expenditure of about $3,000,000 might be helpful to them in bad times, more helpful than such an expenditure now on something that is not directly beneficial to them at the present moment.

The justice department has gone up from $2,748,000 to $3,601,000, which is not much.

The labour department has risen from $788,000 to $2,295,000. In that connection I would refer not only to the administration of the labour department but to unemployment insurance. The rather considerable sum of $18,000,000 is paid out in salaries. It may be a large department; and that sum has nothing to do with the contribution of $17,000,000 which the government is making to the unemployment fund. It strikes me that $18,000,000 is a very considerable sum to pay for carrying on the administration work of that department; that is, the unemployment insurance department.

The House of Commons has gone up from $1,800,000 to $3,878,000. Immigration has gone up from $1,335,000 to $3,788,000. Indian affairs has gone up from $5,305,000 to over $7,000,000. Lands, parks and forests, special projects, has gone up from $2,249,000 to $5,738,000. The post office has gone from $35,000,000 to over $67,000,000. Public printing and stationery has gone up slightly.

I now come to public works. We have been talking about budgeting for bad times, and many people in the past have said quite truly that all public works should be left if possible until bad times come. In that connection I should like to read something that might be helpful to the government. It appears in a book by Erik Lindtahl, written some time ago. It is in regard to budgeting for a surplus in good times. He says: "The benefits of so doing are: (1) Financial gains would accrue to the state and to the local authorities through a reduction in the average level of costs for construction work, etc. (2) There would be less unemployment and better utilization of production capacity during depression years. (3) There would be more stable prices and less violent economic fluctuations owing to the monetary effect of the recurrent under-and-over balancing of the budget through adjustment of public expenditures between boom and depression years."

We have heard about cycle years and their effect on budgeting, and this writer points out that the trade cycle should not be allowed to affect normal public activities. That is why I say that it would be no kindness to the people employed by the government in these administrative jobs if we were to dispense with their services during bad times, and yet we cannot keep them there in ordinary times. I suggest in fairness to them, that their services should be dispensed with as far as possible in good times and, if possible, they should be taken on in bad times when they need the jobs. Public works should be undertaken in depression years.

Too much has been done in these late years. The tax burden should be lighter during depression and heavier during boom. I agree with the minister in that regard, and I was moved to read that statement of Mr. Lindtahl because public works have risen from $20 million in 1938-39 to a total of $59 million in the present estimates. I would suggest to the minister that a great deal of this work should be left until such time as it can be done to greater advantage and with less expense to the country, and so that the money would be distributed among a larger number of people.

I have made some suggestions in a business way, and I hope that even politically they will bear results, even from the standpoint of those who might put them into force.

I would suggest something about revenues. As I have said, perhaps the revenues are high, but new revenues can be obtained from those

who now ecsape taxation and who are able to pay. In the last analysis, the money should be obtained from those who are most able to pay, and I suggest that there is a large field of unearned increment that has not been taxed.

When I say this I do not want anyone to say that if you allow for unearned increment you have to allow for losses, because I will not admit that for a moment. The United States lost revenue because they allowed the losses of stocks to be set off against gains in stock. That is not right; it is not fair; it is not necessary, and I am not suggesting that that should be done.

But there is a great deal of unearned income. One reason for that is this high income tax. Of course I am not a prophet. I am not a great businessman either or I would not make this statement, because it might have some adverse effect. But I am sure that prices of many stocks are kept up today in the hope that somebody will make some money out of those stocks, which money will be untaxed. What these people want is to get some money that is not taxed, because they do not want to pay taxes any more than anyone else does; and in the case of rich people, the taxes are fairly high. I would suggest, for instance, that that would be one of the most effective ways of stopping inflation.

If there is anything in the world that I want, it is to stop inflation. I hitched my political life to the promise that I would do my best to stop inflation. During the war the government did a good job in keeping down inflation, but I am not so proud of what they have done since. In some cases I believe that where they should have been firm, they yielded; it looks as though inflation may get the better of things. I know there are a great many people who are gambling everything on inflation. They are buying everything of a tangible nature. They actually think the same thing will happen here as happened in Germany; therefore they will buy something tangible, and the other people who have investments in government bonds or mortgages will be paid off with worthless pieces of paper. One of the ways to stop that is to tax unearned increment. I suggest that the sooner the government get their experts to work at that, the better it will be, so that something may be evolved. It cannot be all-inclusive. There would be many who would escape it, but it would, I believe, have a most salutary effect on stopping the rise in prices.

A few days ago I spoke about accelerated depreciation in speaking about housing. I do not intend to go over that again, but I shall simply say that what I placed on *Hansard* at pages 3689 to 3691 inclusive, I stand by. I did not intend to say anything about this accelerated depreciation, but I believe that it was allowed at a bad time. I believe it had an inflationary tendency. I think the government themselves are to blame in that they set a date at which this allowance for depreciation must be spent. If they had put the date further ahead, I would not have felt so badly about it, although for the life of me I cannot see why these people perhaps should not pay their taxes the same as everybody else. I realize, as one of the other speakers has said, that this depreciation is only accelerated, but I think it should have been decelerated. It should have been put off until some later time. It was given, of course, for the reason mentioned by the hon. member for Melfort (Mr. Wright). As mentioned in the book put out by the government, it was done so that the people could get the benefit during a period of high taxes and not have to pay high taxes; for in bad times, of course, when there were no excess profits or no profits, there is little or nothing to charge depreciation against.

I have said something about increasing the revenue. I think it can be increased in the manner I have mentioned by taxing unearned income and otherwise. Then we could decrease some of the revenue, because I believe the people in the lower income brackets are paying too much. I think everybody should bear a fair share of the burden, but the people in the lower income brackets are bearing their burden in paying the sales tax. I hope the government will go through that sales tax list and leave out many other articles. They can add something else on luxuries for those who can pay, but I would suggest that if possible they should remove from that list some other articles used by the people in the lower income brackets. After all, on the list are one or two things that go into the building of houses, which is important. The poor man must have a house. I do not, of course, deal with the whole list, but I should like the minister to do something for those people who are in the lower income tax brackets by removing that tax which is bad, which cannot be seen, and therefore probably arouses much less vocal opposition than does the income tax.

I think there should be a larger amount of exemption for each child. Inflationary prices affect the married man more than they do anybody else, because for every child he must buy clothes, shoes and other necessaries. The amount of inflation affects him in proportion to the number of children he has. If they have two children, they are affected to double the extent the married couple with no children, so that something should be allowed more than

the $100 now allowed. I should think this amount could quite easily be increased and should be increased perhaps in such a way that the people with greater wealth should not be able to take advantage of it. They can get along all right, and most of them have not many children anyway, so that it will not affect them so much.

Again I think the rates of income taxes that were manipulated a little, and helpfully, downward by the minister at the last session, could be still further decreased. I am willing to agree that everybody should have a sense of responsibility for the way in which the country's business is carried on, and nothing brings that to his mind more quickly than the fact that he has to pay something toward it, no matter how small may be the amount. I would suggest to the minister—and I shall be somewhat definite in my suggestion in this case—that where previously the tax was started at ten per cent—that is, on the first $100—it seems kind of hard that a man after he gets over a very limited income, should have to pay $10 on an additional $100 of income. That could be put down to, say $4 and then jumped up by $4 a hundred until it gets to twenty per cent. Maybe it could be jumped by $2 a hundred and go to a higher base. This tax is a great burden on the people who are in this low-income tax group. They could be given a sense of responsibility at not so great a price as they are paying at the present time. I would be quite willing and would suggest that this concession, causing as it does a loss of revenue, which goes all the way up the line, should not be available for those who have incomes of $5,000 or more. I realize as much as does the minister—and he has said so publicly—that every increase in exemption that we give to people in the lower income tax groups goes all the way up the line; and that for the rich people it means an exemption at the rate of perhaps fifty per cent or sixty per cent.

I now come to another point, and I have spoken about it quite often. I feel just as strongly as ever on the subject; and if I need any reason for bringing it up now, it is in the fourth clause of the resolution relating to income tax, where it is suggested that expenses be allowed to people in the transportation business and to others who are in the business of, I think the wording is, the sale of real estate or on commission. It struck me, when I read it, that it is a much restricted clause.

Mr. ABBOTT: Not only real estate.

Mr. McMASTER: It may not be intended to be only real estate.

Mr. ABBOTT: On commission; people who operate a business and who are receiving remuneration by commission.

Mr. McMASTER: I think that was what was intended; it applies not only to those who are selling real estate, but to all commissions and otherwise. I would urge that whatever regulations are made, and whatever concessions are to be given, they should be put in a definite form. Definite regulations should be made, saying these people shall get exemption for stated reasons. These should be publicized, and the rulings made should be available to the people. They should know what exemptions everybody else is getting. When they make up their income tax, it is a worry to them when they do not know exactly what is intended to be allowed. I would suggest in this case, and in fact in all other cases where there is a discretion as to allowance, that it be made definite.

I want to read to the minister something which is applicable not only to his discretion in this case but to all other discretions under the income tax laws. These words were written longer ago than I had thought; they appear in chapter 45 of that famous book, "The Decline and Fall of the Roman Empire", by Gibbon:

> The discretion of the judge . . .

In this case it is the minister.

> . . . is the first engine of tyranny. The laws of a free people should foresee and determine every question that may probably arise in the exercise of power and the transactions of industry.

I suggest to the minister that he go to some pains in making regulations covering every point in his discretion; that these should be publicized, and that the results of any act or decision on his part should be made public.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

CRIMINAL CODE AMENDMENT

ORGANIZATIONS ADVOCATING OVERTHROW OF CONSTITUTED AUTHORITY

The house resumed from Tuesday, April 13, consideration of the motion of Mr. LaCroix for the second reading of Bill No. 2, to amend the criminal code.

Mr. DAVID CROLL (Spadina): Mr. Speaker, I suppose that all hon. members have one thing in common; without exception we are anti-communist. So we must persist in our

constant opposition to the spread of communism, for no one in this country but communists wants communism to prosper. Personally I dislike and distrust communism because it is dictatorial, because it is tyrannical and because it is totalitarian. Others hate it for these as well as additional reasons. I think they are all good. In dealing with this subject, without reference to party I think this house can be divided into two groups. In my view one is effective and the other is less effective.

One of these groups comprises those whose anti-communism is emotional and whose tendency is to fight heresy with the weapons of repression. Their hatred of communism is not confined to religious grounds. There are those whose hatred of communism is based on economic beliefs; based, as a matter of fact, so little on religion that any deviation from what they call free enterprise is to them treason. There is room also for those who cherish a love of country above all that our divers religious and economic heritages may offer. So far as these people are concerned, the heresies are against the church, capitalism and patriotism, and they say the solution is repression.

There is another group whose hatreds are shared by all others but who prefer to fight on grounds of reason rather than emotion. They are prepared to strike at the root of the evil. This group sees communism as a revolutionary movement headed down a blind alley, but definitely the result of social causes which it feels it can remedy. Its weapons are the traditional freedoms and the progressive removal of social injustices, with which Canadian people thoroughly agree. These are not martial weapons, but these people feel that they will strip the enemy of their weapons at least. I believe that the strategy of this latter group will be more effective in defeating the common enemy of both groups.

When repression is proposed, when the outlawing of the communist party reaches the point of vote in this House of Commons, I ask myself, and every member of the house must ask himself, whether the persecution of a revolutionary minority is the answer. I have searched history, and I find that all that such persecution achieves is the gratification of some less attractive impulses of the persecutors; and, what is far more important, the ultimate triumph of the persecuted.

Let us examine the history of our own country. In 1917 communist groups were banned in this country. In 1918, after the close of the war, the order banning them was repealed. In 1921 the communist party was formed; and in 1932 the party was made illegal under the infamous section 98 of the criminal code, which by the way was rarely used. In 1936 that section was repealed. In 1940 the party was again made illegal in this country, and in 1945 the ban was removed from the communist party.

In the interval, in 1942, the party changed its name to Labour Progressive. Under the auspices of that name and in the midst of the kindliest feeling toward them when this country was concerned with our heroic ally—tanks for Russia, aid to Russia, Stalingrad, Uncle Joe and all that sort of thing—the party was able to elect some members to the city councils of Winnipeg and Toronto; they were able to elect a member of the board of control of Toronto. Later the people of Toronto woke up and did away with him nicely, democratically by the way. Members were elected to the Ontario legislature and, I believe to the Manitoba provincial legislature, and one member was elected to this House of Commons.

It seems obvious that the passing of a law does not do away with them. They now claim a membership of more than 23,000 in Canada. They may be just puffing in the usual manner, but on the other hand it cannot be denied that they have shown considerable strength in some of the industrial areas in Canada. It is also to be noted that Bulgaria, Yugoslavia, Poland and Hungary all passed laws to do away with communism. Look at them now. That is a fate which I should like to avoid.

Let us take a look at Italy. Twenty-seven years ago Mussolini outlawed the communist party and declared to the world that he had done away with it. Then came the war; he died and his regime fell. We found Italy swarming with communists; there were millions of them. Italy had to make a choice; she had either to outlaw the communist party or to defeat it by democratic processes. Italy decided to do it the hard way. She fought and she won. Although it was not a decisive victory, it was undoubtedly a decisive battle which now gives her the opportunity to strengthen her social defences.

Last week presidential primaries were held in the state of Oregon, Stassen and Dewey being the candidates. Stassen had preached the outlawing of the communist party, and Governor Dewey took him up on it, accepted his challenge, debated it nationally and locally. The people of Oregon spoke and Dewey was elected.

I believe, Mr. Speaker, that no matter what action we take against the communist party today, we shall find that there will be a revolutionary left wing popping up the minute that conditions get difficult again and men begin to

lose their jobs, and somebody behind a wicket says: All those who want relief will line up on the right.

I started out at the beginning by defining the emotional approach to anti-communism and I advocated the rational approach because, amongst those with the emotional approach, there are people with dangerous illusions. They tend to pin the red label on all those whose political positions veer a little left of centre or who do not agree with their own political views. This not only overrates the enemy, but alienates political allies. Let me give the house an example.

The Secretary of State for External Affairs (Mr. St. Laurent) spoke in this house a few days ago and outlined Canada's foreign policy. It was a magnificent report of the greatest significance to the nation. It was moderate, and it met with the approval not only of members of the house but of the general Canadian public. This is what he said:

> Canada would play her full part in every movement to give substance to the conception of an effective system of collective security by the development of regional pacts.

Yet in some sections of the country we hear comments being made upon it such as this:

> Brutally warlike and imperialistic.

Again:

> The most dangerous proposals.

Again:

> The most incendiary ideas.

That is the way in which the communists talk about our foreign policy. Yet is it fair to say that all people who use similar terms are also communists? If that is so, then I need only tell you, Mr. Speaker, that exactly these words were used by the Duplessis press in Quebec to describe the minister's speech. They are not communists; no one can suggest that. They may not be very bright, and they may be opposed to this government, but they are not communists. I merely point out the danger of condemning by association. Regrettably it springs from a tendency to hang the red label on people who are not guilty of it and from an eagerness to use the red label to discredit sometimes a trade union, sometimes a social movement or anything else of a progressive nature that appears within a greedy man's grasp.

I do not think we shall get anywhere in that way. Our attack on communism must be as realistic as the communist attacks which took Rumania, Bulgaria, Yugoslavia and Czechoslovakia; it must be tailored to the thinking of our own people, and it must be directed against the reds who are really communists. It must not rest simply on the assertion: "No matter what it is doing to you, our way of life is best." That is not good enough.

If I may be personal, to me communists are not necessarily those from across the seas; they are not those who simply demand socialized medicine, or higher old age pensions, or the restoration of price controls. I do not think anyone could hold any such views after having been progressively the mayor of an industrial city, the minister of labour of our largest province, and the member representing a large working-class constituency.

No; communists, to me, are people. To me, a communist is a man who holds a certain card; just as a fellow-traveller is a man whom I suspect of holding a party card but of being too discreet to admit it. As human beings go, many of them are as you and I. They give to the poor; they love their children; they are well informed, and their personal lives are not unlike ours. The trouble is that they are fanatics, blind, unreasoning fanatics; and no one can convince me that fanatics are not potentially dangerous. They are prepared to use boldness and force, or stealth and cunning, whichever the situation calls for. It is a cold-blooded brand of power politics, utterly ruthless and utterly merciless in its belief that the end justifies the means. Its end is world domination. Their loyalties lie outside the borders of this land, despite their parrot-like reiteration to the contrary. The single-track mind, whatever its terminus, is a menace to all of us whose preference is for individual freedom, for tolerance and a willingness to see two sides to most questions. It is a menace to the vast majority of Canadians.

We have a criminal code for those who break the law. Let us apply the law for crimes they commit, not for ideas they have. I heartily approve strengthening the code to deal with these people and with subversive activities, but I am opposed to outlawing people for religious, political, social or economic views.

If, as has been suggested, we outlaw the communist party, or the Labour Progressive party, or whatever title it may appear under next, then I assure the house that our emotional impulse will bring forth hearty approval. This approval will come from, among others, the Labour Progressive party. We will drive them underground, which means that they will be given a stimulant toward organization, a badly needed provocation to party activity. They are born conspirators; they thrive on the cloak-and-dagger life; we will confer on them, by outlawing their party, a sense of romance that will attract converts, particularly immature converts, and what is more, we will toss into their lap the partisan

halo. Out-in-the-open events often make them a little silly. But they are skilled tunnelers and sub-surface operators.

No, Mr. Speaker, let us be guided by reason rather than emotion. Communism is on the wane in this country mainly because people have jobs; they have enough to eat, and some of them are able to lay something aside for a rainy day. Some day I hope that the government gets around to finding a scientist who has a political turn of mind. I have a particular job for him. I hope that that political scientist will undertake the work and find out the relationship between calorie intake and communist enrolment in a given country. It seems to me that that is a study we have neglected.

I have said that the communists are on the way down. If anyone doubts that they are slipping, is there any other explanation of their somewhat embarrassing support or attempted support of the C.C.F.? On every platform in this province, from every housetop the C.C.F. are saying: We do not want their money; we do not want their support; we do not want their votes; we want no part of them. If they were an asset, that, to me, would not appear to be the normal reaction.

Where is their influence in this country? They have no representatives in the House of Commons. I am even surer that they have no representatives in the Senate. In so far as the legislatures are concerned, the communists have a few members in the province of Ontario, and I think one in the province of Manitoba; but their members are known, tagged and minimized. In the municipal councils they may have one here or there, but they are overwhelmed by numbers. And mind you, Mr. Speaker, the only way that they are able to elect members to these various legislative bodies is that there is a great deal of inertia amongst our own people. Where we find seventy-five per cent of the people voting, they have not a chance.

Someone may say that they have influence in the administrative offices of this country. I doubt that. We have had reason to believe that if they were there, they were cleaned out. They certainly are not in our police departments; they certainly are not in our armed services. I do not believe that they have any great influence in this country.

Communism can become important, but only when the masses of the people have been driven into despair by hunger—that is what happened in eastern Europe—or into a mistrust of democracy itself—that is what happened in Czechoslovakia. We in Canada can certainly produce a revival of communism only if unemployment is permitted to rise again, or if we drive the communist party underground, which has always favoured their growth; for, like a weed, they flower in adversity.

My advice is to keep them out in the open. Let everyone see their leaders and their party members. By all means tell the people, retell the people, and tell the people again what the communists stand for, and make them campaign as you and I campaign, in the open market places of political ideas. The Canadian loves freedom for himself; but he detests and fears insecurity for his family; and if we deprive him of his present modest measure of security he will again, as he did in 1930 and in 1934, listen to those who propose that he trade in his freedom.

Poverty is the great catalyst that drives an exhausted society to communism. In Europe not only have they had poverty, but on top of that they have exploitation, corruption, race hatred, discrimination, inequality of opportunity and injustice. In this country, if we keep things healthy economically for the masses of the people, there is nothing at all that we need worry about. But if we permit collapse again we shall once more have some form of red peril, no matter under what name it travels.

The challenge is to make democracy work, for when democracy becomes positive communism becomes negative. As for myself, I have sufficient confidence in our institutions to believe that they will survive the onslaught of political controversy. They will grow and improve and benefit our people. Reason, history and experience tell me that this bill, if passed, will play into the hands of the communists, and that is the last thing I want to do.

Mr. T. J. BENTLEY (Swift Current): Mr. Speaker, I do not think I have a word of disagreement with the last speaker. If I have I shall have to read his speech carefully to find out what it is; because his sentiments were expressed as I should like to be able to express mine. However I am going to deal with the matter from a slightly different point of view, from the point of view of an ordinary everyday Canadian citizen who has a tremendous belief in the past of our country, a tremendous faith in the future of it, and an infinitely greater faith in the intelligence of the Canadian people to listen to, screen and accept or reject ideas that are submitted to them. If our eighty years of responsible government have not taught all of us that we as a people are capable of doing that, then we have not been able to learn the lessons of history.

Furthermore, we have in the mother country some valuable lessons. They have never attempted a thing of this kind. I have been in London myself—and a great many other hon. members who have been overseas have been there—and listened to the variety of speeches one will hear in Hyde Park, in Albert Hall and in other places. Only the other day a man told me that he was over there during the war and attended an open air meeting being held around the smoking ruins where one of the big rocket bombs of the Germans had fallen. Right there a man was standing up making a speech, condemning the British government for its treatment of German prisoners of war, and nobody tried to take him down off his box; nobody interfered with him. They let him talk, I do not suppose he had the slightest effect on the government's treatment of prisoners of war. But when the people can believe in the right of free speech to the extent that they will allow a speech of that kind around the smoking ruins of one of their buildings where probably lives were lost, it indicates that they have learned the value of democracy, or, as the hon. member for Spadina (Mr. Croll) says, the open-market discussion of political ideas and other kinds.

I hold in my hand a little clipping from *The Economist* of London, and it is headed, "No United Kingdom 'Witch-Hunt'." It reads as follows:

> Action against professing communists in the United Kingdom government service has long seemed desirable, but it must not be allowed to develop into the kind of excesses which have lately been witnessed in Washington. There may be something laughable in the spectacle of Hollywood reduced to a jelly of fear of "radicalism"; but there is something tragic in it, too. In the last resort, democracies must work out their own means of self-protection by their own democratic method. That is the only final assurance that it cannot happen here.

That is something that everybody can learn. We come back closer to home, and while I am not a supporter of my hon. friends opposite—there was a time when I was, many years ago in my juvenile life when I had not seen the light—I retain the democratic right, Mr. Speaker, to go back there if I want to.

Mr. JOHNSTON: You would hate to do so.

Mr. BENTLEY: I am not going to do so, but I have the democratic right to do so, or to support my hon. friends here, or my hon. friends there, and I want nobody to take that right away from me. I will oppose any attempt to do that, and I equally oppose the attempt to prevent anybody else from expressing his ideas. I do that on idealistic democratic grounds. But I also want to say, as the hon. member for Spadina has said, that there is a very good practical reason why I do not want to see a bill of this kind passed in this house.

It so happened that I attended the first meeting called to organize the communist party in that part of the country in which I lived shortly after world war I. You will remember, Mr. Speaker, that things were more or less upset politically. Ideas were undergoing certain changes. There was questioning going on, and obviously everybody was imbued with what he thought was a new idea and was endeavouring to express it.

I went to that meeting and listened carefully to the man who came to tell us the story of what we could do for this country if we formed a communist party. When the time came to sign up members I had to make up my mind, and I did. I did not find in that meeting, or in the program suggested, the place where my political faith could find a home, and so I left the meeting and have never attended one of that kind since. But I have watched them closely, and I believe that the decision to which I came at that time was the right one. They still have no place for me in their particular organization, nor have I any desire to be there.

On the other hand, in our political life in this country I must, on behalf of those who wish to support me, go out into the open market of political ideas and take on all comers who do not believe as I do, and I am perfectly willing to do so. If any member on the other side wishes to come to my constituency and promote his ideas I am prepared to stand on the same platform with him and oppose his ideas and advocate my own. The same goes for my hon. friends over there or in any other part of the house and the same goes for those who believe in the communist idea.

At no time, however, have I ever suggested, and I hope I shall never so far lose my faith in democratic methods as to suggest, that because someone over there or over here, or anywhere else, does not agree with me I must prevent that person from having the right to say what he wishes to say. Certainly I will never suggest that such a person be put in jail or be outlawed or shot or treated in any other way that some others might treat us.

I am not alone in that belief. Responsible members on the Liberal side apparently feel the same way, for I have a report that appeared in the newspapers, from the Canadian Press, wherein the Secretary of State

(Mr. Gibson), who is not in his seat at the moment, is reported to have said at a meeting held at Kitchener—and these words are in quotation marks:

"Some people suggest that the communist party should be outlawed and its papers banned. I do not believe this is the answer . . . if we have nothing better to offer than the communists, then we have no excuse for opposing them; but if, as we generally believe, our system is superior, then our people of all groups and classes have a right to know in what ways they benefit by supporting our democratic system."

There is a place where the Secretary of State and I can meet on common ground, and that is, I expect, rather rare for him and me.

I wish to point out also that a bill of this kind exhibits two characteristics, to neither of which I should like to see Canadians subject. It indicates either a lack of faith in the Canadian voter or else a childish fear of something because we have not the courage to get out and face it and take the necessary steps to make it impossible for the thing we fear to grow.

In another debate in this house the hon. member for Vegreville (Mr. Hlynka) put some figures on the record. His speech will be found at page 3555 of *Hansard* of May 3 of this year. He took his figures from the *World Report* of April, 1947. The figures were released in London, according to his statement, and he gave the size in numbers and percentage of population in various countries of the communist party. In Canada, his figures indicate, there are 23,000, or one-fifth of one per cent—·2 per cent.

I remember the early days of Hitler's regime when he was turning his hatred upon the people of the Jewish race and when he tried to make and finally succeeded in making the German people believe that the whole future of Germany was endangered by allowing this small section of the population to live. He made it stick so well that these people were almost eliminated.

At that time the Jewish population of greater Germany was, I believe, something less than one per cent of the total population. Do we want something like that to happen here? Do we want to debase ourselves so far as to try to bring about the conditions recommended by this bill, because we are afraid of one-fifth of one per cent of the population of Canada who have been active in this country for something like twenty-eight years?

I cannot conceive of an idea of that kind emanating from a Canadian citizen whose forebears pioneered this country and took an active part in the development of our democratic institutions, a Canadian who, like myself, knows only this as his native land, who believes in our institutions, in the land where his particular racial group and mine have learned to get along together in amity without threats, except on the part of a few fools, to go and shoot each other. I cannot understand such a man bringing in a bill of this kind. It seems to me inconceivable.

If this bill had come from a newcomer to Canada who had emigrated from a country where they had never had the advantages of our historical background, I could understand it. But from a fellow Canadian like myself, I am frankly unable to understand how it could be proposed.

Let us see whether there is truth in the dangers that these people represent. We are told that one of their first points of attack is among the working-class organizations. Mr. Speaker, for a great number of years I have been very active in the farm organizations of Saskatchewan, big ones and little ones, from small institutions comprising a few people who handle in a co-operative way coal, wood, gasoline, and things of that kind, to the larger ones that handle the great grain marketing and the great distribution of all commodities.

We have communists in Saskatchewan. There may be some in the co-operative movement; in fact, I would be amazed if there were not. I expect that some have probably tried to gain official positions in the elective fields of these organizations, but of all the organizations I know, I am aware of only one co-operative farmers organization in Saskatchewan that has one communist on the board of directors, and he is there, not by any claim to political superiority by reason of his beliefs but because the people who elected him believe he is a competent director of the organization. If he attempted to introduce any of his ideas into the operation of that organization he would suffer defeat at the next election.

Of all those organizations, I know of not a single one that is to the slightest extent dominated, among its elected officers, by communists. I hold in my hand their *News Letter*, volume 3, No. 4, of April, put out by the Co-operative Union of Saskatchewan, and I wish to show how co-operatives believe in democratic performance, in democratic practices and in democratic activities in all their fields. I will say this, and it cannot be disputed, that no co-operative organization in this country that I have ever heard of has ever endeavoured to prevent, by law or repression, even the kind of private enterprise they are opposing, from continuing, although we have frequently had some types of private enterprise that have tried with some success to persuade the present government to make

it more difficult for co-operatives to grow than they have for some of the great semi-monopolies in this country. However, they stand absolutely for religious freedom, racial tolerance, freedom of assembly and freedom of speech. That is at the masthead of every co-operative organization I know of in the west. They say further that the denial of any of these rights to any one group endangers the whole edifice. I think that is a potent statement. If we establish in this country things of the kind suggested, we shall weaken our faith in the system we have been building, I think successfully, over our nearly eighty-one years of nationhood since we got responsible government.

I know that on many occasions in the past I have criticized, as I shall in the future as long as I am here, those in authority when I think they have done wrong. I believe it is through that kind of criticism, when it is sound and when it is submitted to the public, that we make improvements. That is how it has gone along. We did not always have the state that we have at the present time. It was much worse at one time. We had, shall we say, most unmoral political activities in the past; even in my lifetime I can remember them. I do not believe that we have nearly so much of it now. In the main I believe that the great majority of the people who are elected to this House of Commons, and to our legislatures, are men and women of integrity, who did not buy their way via the rum jar and other methods of that kind. I believe that we are improving our political life. We shall not improve but shall rather weaken our position the minute we undertake to say that, because of somebody we do not like or somebody we think we have cause to fear, we shall do as is suggested. The minute we say we must prevent these people from talking, we are doing as the hon. member who spoke just ahead of me said; we are making it possible for them to build up something that we might have great cause to be afraid of in the future. I am never afraid of anything I can see, but I can get desperately afraid of shadows when I do not know what is contained therein. I think that goes for our whole political life.

Another thing the co-operatives say is this, and I am quoting now from the April letter of the co-operative union:

> Remember—the technique of the anti-democratic is always the same. First, a small minority group is singled out for persecution and denial of the right to meet, to speak, to worship.

When that is done, Mr. Speaker, then we start from there on the downward path reversing the history of our country. I should like to tell some of the things that have happened that I know of. I should like to tell my hon. friend one little story. A man came to our western country not so many years ago, and because he knew a great number of us in that country were Protestants, he brought out what was supposed to be the obligation taken by the Knights of Columbus. He sought out everyone he could think of who was a member of the Masonic order, and saw that he got a copy of it. It was the most damnable document I ever read in my life until I came to Ottawa to this session of parliament when I received another one which I will describe in a moment if I have time.

That document set out all the things that the Catholics would do to the Protestants, the most vicious kind of things they were going to practise on them in order to make this a Catholic country completely under the control of the Knights of Columbus. They held meetings in our community and they asked us to go there. I went to listen, and I was extremely angry. When the meeting was over, when this man had finished speaking, I got up. I said, "Here you are; you call yourself a decent individual. Yet you come here and try to destroy my faith in my neighbour and create in me an emotional hatred for him, because you say he claims he is going to do something to me." I took that document, tore it and threw it in his face. He became very angry and came to my office the next day. He started again, and I had the great and glorious pleasure of taking him by the windpipe and tossing him out through the office door. He never came back again. I do not want those things to happen in this country.

Mr. LaCROIX: Even to your neighbour communists?

Mr. BENTLEY: As long as my neighbour the communist is subject to the same laws as I am in this country, and as long as he does not break those laws. If he does break those laws, he must be dealt with by the police force, the same as I or anybody else who breaks the laws. There is plenty of law to take care of all the misdemeanours or major crimes that can happen in this country. We have a good police force. We have good city by-laws in our urban places. We have plenty of protection to see that nobody is permitted to do things to us that our law says must not be done; and I believe implicitly in law and order.

The other document I mentioned that I received was just as bad, and I received it from an anonymous person out in Vancouver, British Columbia. This was anti-Jewish, and was trying to persuade the reader that the

Jews must be dealt with both harshly and severely in this country. It did not say to kill them, but if I had been subject to emotionalism, as it was hoped the receiver would be, I would have easily read into it my right to go out and kill them. I was told the question was, Who is a Jew? This paper said not to have the slightest doubt about who is a Jew when you meet him. If he looks like a Jew, he is a Jew. So with regard to anybody I do not like, all I have to do is to describe him as a Jew and go out and do something harsh to him; because if he looks like one to me, he is one.

The same thing would eventually apply to these people. When you start to pick on some kind of people, some day you will say, "Not only do I suspect you of holding a card, but I am going to strip you and look for a card." And if I do not find a card on you, I am going to say, "You are a communist, anyway, and something is going to happen to you." From there we go on from one to the other, to the Japs and to the Jehovah's witnesses who tried to propagate a certain kind of religion and who should be allowed to do so. We shall go from them to somebody else, and pretty soon we would have ourselves in a political turmoil instead of having the democratic rights we are supposed to have.

I should like to go on at some length to give more quotations from this paper, but I know there are others who wish to speak on this matter and I do not want to take more than my share of the available time. It seems a pity that we have only an hour for these particular things, because if anyone takes his full time—

Mr. LaCROIX: You are doing your best to talk it out.

Mr. BENTLEY: Mr. Speaker, the hon. member said I was doing my best to talk it cut. That statement is completely and utterly untrue. I did not make the rules of this house. Those are made by the government. I have only this occasion to speak on this matter, and others will want to do so also. I am perfectly willing, when the matter comes to a vote, to stand and be counted on the basis of what I have said here tonight. Anybody who says I am deliberately talking this bill out is telling a deliberate untruth; and I should like to use a stronger word.

As I said, Mr. Speaker, I do not want to take all the time available tonight. I have probably already taken more than my share. There is plenty more that I should like to have said, both from my heart and from my mind, as well as from this document from which I was quoting the co-operative unions' *Monthly Letter,* which is put out by the kind of people I believe in and trust. But I hope I have at least said enough to convince some members of this house that the Canadian people are intelligent enough to be able to get out and listen to all the political ideas that may be expressed by anybody in this country and to choose what to them is the best. I will abide by their decision, because I believe it will be a good decision when made by them.

Mr. L. W. SKEY (Trinity): Mr. Speaker, my remarks this evening will be very brief. I expect to conclude within three minutes, so that hon. members will have an opportunity to vote on this bill if they wish to do so.

My choice is very simple. I must support the bill because I have in my constituency the leader of the Canadian communist party, Mr. Tim Buck, who has been opposed to me in elections and whose influence and methods I know very well. At the same time I must deplore the fact that this bill has had to be introduced in this house by a private member, and that a better bill designed to accomplish the thing we all want, that is the security of our Canadian way of life, has not been sponsored by the Minister of Justice (Mr. Ilsley) or the Prime Minister (Mr. Mackenzie King).

In the short period of the last ten years we have seen free countries fall under the spell of the police state. We have seen the Baltic states, Yugoslavia, Roumania, Bulgaria and Hungary come under the spell of communism. Today we see Greece menaced by this same absolute form of government. Only a few weeks ago we saw Italy win a notable victory over the communist ideology in its last general election. Czechoslovakia has gone under, and Finland has been forced to sign a most unfortunate agreement. The Baltic states of Estonia, Latvia and Lithuania are politically dead; and the march of the iron curtain is ever westward.

The people who support these absolute doctrines do not understand our political philosophy, the fair play in which we believe and the tolerance which we have always maintained under our British institutions. Therefore they cannot be met by ordinary means; they must be met by strong measures. Though in this bill there is much that democratically minded people must deplore, I have no choice but to support it, because I believe that communism is the number one menace to the world today and that, unless we take positive action against it, in the end we must be weakened and possibly succumb.

Mr. RALPH MAYBANK (Winnipeg South Centre): Mr. Speaker, I have no doubt whatever—

Some hon. MEMBERS: Question.

Mr. MAYBANK: Hon. members are calling "Question", but this bill will not be voted upon tonight. I did not want to speak at this time; I wanted to give the measure more consideration and to speak at greater length. Obviously, of course, I cannot say what I should like to have said in the time at my disposal this evening, but whatever ideas had occurred to me I am going to set aside for just a moment in order to comment upon the speech to which we have just listened. I believe the hon. member for Trinity (Mr. Skey) gave us an excellent example of where this sort of legislating will lead us. In effect he said, "I have Tim Buck for an opponent in my riding, and I am in favour of this bill".

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

Mr. MAYBANK: There is no point of order. I am interpreting my hon. friend's remarks.

Mr. SKEY: Only because I know the methods they employ to delude the Canadian people.

Mr. MAYBANK: That is all right. The hon. member was on his feet for some time—

Mr. SKEY: Three minutes.

Mr. MAYBANK: He had a good opportunity to explain all the explanations he endeavoured to make. My construction of what he said is just as I put it to you, Mr. Speaker.

Mr. SKEY: It is quite wrong.

Mr. MAYBANK: Well, perhaps on some other occasion the hon. member will explain the last explanation. That is exactly the way in which people will approach this sort of problem; not being able to meet with arguments opponents of the sort dealt with in this bill, they will have the law on them. If necessary, they will make a law they can have on them and do something to them, fine them or put them in jail or something like that.

Mr. SKEY: Why does the government not sponsor a proper bill?

Mr. MAYBANK: The hon. member for Trinity and other hon. members might just as well understand now that they cannot win elections in that way.

Some hon. MEMBERS: Nine o'clock.

Mr. MAYBANK: I hear it said that it is nine o'clock. I desire to speak further upon this bill and analyse it, as well as some of the philosophy underlying it. That cannot be done this evening, so I move the adjournment of the debate.

Mr. SPEAKER: The time reserved for public bills having expired, the house will now revert to the business under consideration at six o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Douglas Abbott (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. Macdonnell (Muskoka-Ontario), and the amendment to the amendment of Mr. Coldwell.

Mr. REAL CAOUETTE (Pontiac): Mr. Speaker, when the people of Canada learned about the budget they were very much disappointed, for many good reasons. I do not intend to speak very long in English; a little later I shall continue in French. I should like to draw the attention of hon. members to the fact that if social credit policies had been applied in this country we would not have had to face the things we are facing today. During the war, social credit policies were partly applied; for instance, the subsidies given to producers, which constituted a step toward the social credit policy of just prices. If this policy were still followed in this country we would not face shortages of merchandise and complaints from the consumers.

During the war we made gifts to other countries. In peacetime it would be no harder to make those gifts to our own people, and they would be completely satisfied. All during the war we never heard anything about a shortage of money in this country, though they say that in order to carry on the war we were obliged to tax the people heavily, that the people were paying all these expenses, and so on. When war was declared in 1939 the people of Canada were not able to finance it because we were just like a lot of broken nails. We had been starved for the ten previous years. However, just overnight in 1939 we were able to find the money with which to build up the strongest war machine we had ever had in this country. It should be just as easy to build up in peacetime a machine to assist our people.

Another thing which looks like social credit policy is the provision for family allowances which has been in effect since July, 1945. If Social Crediters had not been talking about a national dividend from 1930, 1931 and 1932 we would not have family allowances in this country. I agree that a Liberal government passed the law, but it was the Social Crediters who formed public opinion in regard to that matter.

Mr. MICHAUD: Why did you not put it in, in Alberta?

Mr. CAOUETTE: I will answer the hon. member for Restigouche-Madawaska. During the dinner recess I heard it said that Aberhart had promised a national dividend but had never given it, that he preached social credit for eight, nine or even ten years but that we do not have it yet. It is said that Mr. Manning, the present Premier of Alberta, is still talking about a national dividend, but it has not been granted. This is not the fault of Social Crediters. They endeavoured to obtain a charter for a provincial bank of Alberta, but it was refused and they were unable to go ahead with their policies. The blame rests on the government which stopped them from going ahead to apply social credit.

Mr. LOW: A dog-in-the-manger attitude.

Mr. CAOUETTE: It may be said that a national dividend has not been declared under the Manning administration, but one thing must be said about that administration in Alberta; it is the most honest government in Canada today. You will hear that, Mr. Speaker, not only from me, but even from some of our Liberal friends who know something about it.

Mr. CRUICKSHANK: Have you ever been in Alberta?

Mr. CAOUETTE: Yes. For your information I was there last year.

Mr. CRUICKSHANK: You just passed through.

Mr. CAOUETTE: They would not allow the hon. member in Alberta. The adoption of the social credit philosophy is a duty in this country. It is not only a duty; it is an obligation that it be established. For an hour this evening we have been hearing about communism. Communism is an idea and you cannot put an idea in jail.

Mr. GRANT: What about Fred Rose?

Mr. CAOUETTE: You put him in jail, but you have not put communism in jail. You will have communism in this country until you can offer a better idea. We stand for free enterprise; we stand for security with freedom, which is just the opposite of communism. Let us go ahead with the social credit philosophy; let us explain it to the people and put it into practice. We should be doing more about it than presenting a budget such as the Minister of Finance (Mr. Abbott) presented the other night. The government is just following the same line as it followed before. The same abuses remain and nothing is corrected.

An hon. MEMBER: Toryism.

Mr. CAOUETTE: Toryism and Liberalism. Something must be done and it cannot be done just by making speeches. We can continue to talk in this house, but if we do not do anything to stop communism by proper action, by establishing a system which will permit our people to have a good standard of living, we shall be wasting our time completely.

The trouble today is finance, and the Minister of Finance knows it. There is a shortage of money this year in this budget. The Minister of Finance would like to pay all the debt of this country, but he is not able to do that. He may pay the interest and a little off the capital debt, but he cannot go very far with it. He is not so sure about next year. This year we have prosperity, but it is a strange and funny prosperity, because there are people unemployed and there are people who are starving today.

An hon. MEMBER: No.

Mr. CAOUETTE: Come with me and I will show you. You may not find any in this House of Commons but you will find some in our Canadian families. Finance is the trouble and we have to correct the trouble at its source. The Minister of Finance is not creating money. I remember reading where an hon. member had asked the Minister of Finance why he did not have the Bank of Canada create $2,000 million of credit. The minister replied that if the Bank of Canada created $2,000 million of credit, then the chartered banks would have the right to multiply that by ten or even fifteen, which would cause inflation in this country.

If the chartered banks of this country have the right to multiply by ten or fifteen or twenty the amount of money or credit created by the Bank of Canada we should use the Bank of Canada not only as a branch of the chartered banks but as a means of providing service for the people of this country. I will continue my remarks in French.

(Translation):

Mr. Speaker, after listening to the budget speech it is evident that we shall not have a

general election this year. Some of my Liberal colleagues do not even mind saying that it is not a pre-election budget. To me the budget is simply the admission that the government are not responsible to the people, that the government kowtow to financial interests and do not take into consideration the needs of the people. I would not say that the government would not like to take a greater and more specific interest in the people's welfare, but they cannot do it because such monetary control prevents them from doing what they would like to do. It is all very well to say that money is not everything, that the Social Credit members are always talking about money, but one sure thing is that you cannot go very far without money but you can go anywhere with it. Here is an example. During the war there was plenty of money to make war machines; there was no lack of funds for guns and rifles, there was no lack of it for the army and for munitions. Moreover, all that war material was flown over Europe and all that ammunition was dropped there without our ever getting one cent for it. They got it all for nothing. Now, in peacetime, we have an austerity program and no money. There is no means of setting up peacetime machinery, of developing the natural resources of this country. What we lack is money, and nothing else. We have the manpower, the know-how. People are ready, backed by scientific knowledge and equipment. All we have to do now is to put them to practical use. But the token that gives a right to the use of all those things, that allows everything, is lacking.

The government, through its Minister of Finance (Mr. Abbott), holds no prospect whatever, in its budget, of something better, or something more sensible in the future. The future holds nothing in store for us, Mr. Speaker. Shall we suffer the whole nation to be strangled much longer by financial interests? We must act now. There is no sense in just talking and speech-making. We must take definite action to prevent Canada from falling into the same chaos, the same difficulties that now beset every country in Europe. This budget offers nothing concrete. It brings no income tax exemption. While the Minister of Finance was reading his budget speech, I was looking around me and observing on the other side of this house many of my good friends, Liberal members, getting a little pale. The budget speech surprised them because many of my good friends had promised or suggested to their constituents that they would get tax exemptions this year, and that did not materialize.

Mr. GAUTHIER (Portneuf): You do not lack imagination.

Mr. CAOUETTE: Having asked $2,000 for married people, they should force the government to grant that exemption. But when they vote on the budget, the hon. members will vote for the meagre $1,500. They will tell their constituents that it will come next year. We fear communism but we do nothing to prevent it and put an end to its causes. We do not mind fostering its growth by budgets such as the one we are now discussing. This budget, Mr. Speaker, is, I believe, anti-social, it is directed against the family and I would even say that it is anti-Christian. It is a national disgrace.

In *Le Droit* of May 20, 1948, one could read an editorial by Camille L'Heureux bearing the title: "Money before human values." I quote:

> The budget brought down by the Minister of Finance in the House of Commons has proved a bitter disappointment and a source of profound discontent to the Canadian people.

Further, Mr. L'Heureux adds:

> In truth, Mr. Abbott's budget is antisocial. It seeks to protect the privileged classes to the prejudice of the less privileged. Moreover, it is directed against the family, for it does not take into consideration the increased obligations of family men who earn less than $4,000. It weighs down upon them, crushes them under a heavy load of taxation. Its surplus of $670 million for the last fiscal year is largely made up of moneys which could have been more properly used to provide a reasonable degree of welfare to the Canadian family. It will be the same with the next one, estimated for 1948-1949 at $489 million. In short, the Canadian government sacrifices the reasonable welfare of Canadian families most deprived of material goods to that of the privileged classes of this country and to the continuance of a financial policy which provides exaggerated help to Great Britain. This budget consecrates the principle of the precedence of money over human values.

It is time to recognize that human beings are not mere pack animals, but that they are worthy of consideration and respect. The dignity of human beings today is trampled underfoot. Man is used very much like a pick, or a shovel. He is no better than a machine, and little or no attention is afforded him.

Mr. Speaker, private enterprise is discouraged, which promotes the further rise of communism in this country. Those of our people who could start or establish new industries or

businesses or develop new inventions have not the courage to go ahead with their plans because our financial and taxation systems do not permit them to do so. We have to hire accountants to do our bookkeeping in an effort to hang on to our earnings. Otherwise, the returns go entirely to the government. Private enterprise must be respected. May I quote the following excerpt from an article by Mr. Leopold Richer which I have read in the newspaper *Notre Temps*:

> There remains as a bulwark against the rise of communism and socialism, the impressive fortress of American capitalism. However, in the neighbouring country as everywhere else, private enterprise is attacked from without and from within. From outside, by all those forces which lead, particularly in Europe, toward the state control of production and wealth sources. From within, by its own abuses, its static condition, its blindness, and, its slowness in adapting itself to new conditions.
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> Western Europe is being helped in her fight against communism; but is it known that victory is thus being ensured to socialism in Europe? Now after all what is socialism if not a bridge thrown across the abyss of bloody revolutions to enable people to cross over peaceably from capitalism to communism? Does one realize finally what a ridiculous situation the capitalist countries find themselves in? They are providing the enemy with arms.

Mr. Richer adds:

> Even if it is understood that North America should go to the aid of starving and impoverished Europe, one can rest assured that this will not ensure the survival of private enterprise. Is the latter looking for an ideology? This ideology already exists. It is there, within the said enterprise and its social realm.
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> As Mr. Esdras Minville recently reminded the members of the Montreal Chamber of Commerce: "The world of tomorrow will either be Christian or communist. Business men cling to freedom of endeavour and to private enterprise. And rightly so, because these are important fundamentals of a social order based upon the respect of human dignity. But if business has rights, it also has duties to perform, the first of which is to serve society."
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> If capitalism is to survive, it can pursue but one objective. It must aim at making private enterprise serve the community. But once this objective has been set, we get a new outlook on the future and private enterprise can save the community many tragic upheavals.

It seems to me, Mr. Speaker, that no intelligent citizen, having read that article, should be satisfied with saying: "How beautiful and logical". On the contrary, everyone should make up his mind to follow that lead in order that we may achieve the results which we are seeking.

The problem today lies more in the distribution of goods than in their production. Our industries, both primary and secondary, could produce even more goods if they were only given an incentive to do so. What we are lacking is buying power in the hands of the consumers. The replacement of man-power by machine creates a problem to which there must be a better solution than ever-increasing unemployment.

Today, production depends more and more on mechanization. The worker, who has been replaced by the machine, is no longer remunerated. He loses his wages and everything. If we come to the point where machine replaces the worker, instead of serving him, man will be enslaved.

The purpose of economy is not to provide employment, but to satisfy the needs of man. Such is the purpose of economy. Those who do not think that it should serve the people are simply off the track.

Full employment is not an impossibility. For instance, instead of using fifty men or a steam shovel that takes the place of some two or three hundred men, we could bury the steam shovel and put some five or six hundred men to work with teaspoons. That would give work to everyone. It would be a way of achieving full employment as it is advocated by members of the C.C.F. and by our Liberal friends opposite.

By applying every social credit principle, the policy advocated by the Electors' Union would solve and cure the economic ills that are rife in Canada.

The Social Credit party suggests a cure that would save the people as well as free and private enterprise. Other groups, as I have just pointed out, offer full employment or similar plans that, in short, are just as effective as a poultice applied to a wooden leg.

In the budget speech, the Minister of Finance (Mr. Abbott) told us that he could not reduce the personal income tax; the people must understand, he said, that even with more money, they could not buy more than they do at present. There is at least one course they could take, but that is quite out of the question today. Indeed, 68 per cent of our workers earn less than $2,000 a year and they are burdened with debt practically the whole year round. If they had less taxes to pay they could afford to pay their bills. Many such people, hundreds of them, are in urgent need of money.

They have barely enough to live on, $2,000 to $2,500 a year and they would rather spend that money for their family, but they are prevented from doing so. It is alleged that they could not purchase more commodities with this money, but they could at least pay for what they are buying now.

The program of the Union of Electors is more than ever a practical one, and those who do not now recognize it as such will have to admit it before long. If we must wait till we are shaken out of our complacency, it will not take long. It is no secret that the communists are gaining throughout the world. Once again, I say that we must do something at home.

When we ask that all revenues of less than $3,000 a year be tax-free, such a provision is possible and logical. No valid reasons can be given in this house for the maintenance of a tax on all incomes over and above $750 for single persons and $1,500 for married people, when we, as members of parliament, enjoy exemptions of $2,750 for single persons and $3,500 in the case of married people. We find it to be a good thing for ourselves; it is logical and none of us voices any criticism; we are glad to have that exemption but let us not forget that all constituents in our respective counties and every Canadian would also be delighted and pleased to be relieved in some measure from the burden of income tax.

And now, a word concerning the old age pensions of $60 per month at age 60. Some may ask, where will the money come from? Where did it come from during the war? Let us get it from the same source.

Tonight I shall discuss not the methods but the results that are desired. Let us ask ourselves whether Canada can produce enough to pay a $60 monthly pension without the means test, to people in the sixties.

Then we should grant monthly pensions of $60 to our incapacitated or disabled people after they reach the age of 21. No one could assert that Canada is unable to produce sufficient to ensure our incapacitated or disabled people a monthly pension of $60 at the age of 21, when we are in a position to grant pensions to our office workers after the age of 60. If we can give huge sums outside Canada we should certainly be able to give some assistance to those who need it in this country.

The fourth point is the monthly $20 national dividend which we demand. That dividend is still possible. As I said at the outset, family allowances are based on the same principle as that dividend. Moreover, the latter would not be based on laziness as some claim; on the contrary it would be based on and linked with production, and production itself cannot materialize if it is not linked with work.

Dividends would be handed out for labour. The higher the level of production, the fatter these dividends would be. There is absolutely nothing illogical or unfeasible about it today in our country. In the present state of industries, equipment and mechanical devices, we must find a remedy to the social unrest that prevails among our people. In a letter to the King of Sardinia, the Monsignor Rendu, Bishop of Annecy, wrote as follows:

> The progress of industry has given rise to such odious abuses that one has to go back to the times of paganism to find the same degree of callousness and contempt of humanity as exists today. What astonishes me most is that public opinion or what is generally called by that word does not rise against this ever-increasing disorder which engulfs the community like a wave blown by a storm from the middle of the ocean. The abolition of slavery was the source of a noble enthusiasm . . . ; however there is no one to suggest a remedy to this most painful and loathsome disease of humanity. The wailings of its victims are plainly heard, but no one dares raise his voice from fear of those who press them in an effort to extract gold from them.

The same conditions prevail today. Everyone is afraid to raise his voice against finance, against those who control money and credit or against those who are treating man as a piece of machinery. Under social credit from the social standpoint, we are not afraid of attacking evil where it exists and of applying the remedy where it is needed instead of resorting to futile remedies.

If we do not want communism in Canada, let us at least provide honest means of livelihood to each and everyone of our citizens. Let there be among us the rich, the not-so-rich, millionaires and the poor, but we should see that in Canada nobody lacks the necessaries of life. Let us at least guarantee basic necessities.

In his encyclical *Quadragesimo Anno,* Pope Pius XI expresses himself as follows:

> For then only will the economic and social organism be soundly established and attain its end when it secures for all and each those goods which the wealth and resources of nature, technical achievement, and the social organization

of economic affairs can give. These goods should be sufficient to supply all needs and an honest livelihood, and to uplift men to that higher level of prosperity and culture which, provided it be used with prudence, is not only no hindrance but is of singular help to virtue.

Mr. Speaker, I will tell my hon. friends from the other side of the house that if social credit is no good, if it is a dangerous thing, a thing to be feared, what is there to stop the government from applying in Canada the social doctrine of the church? Who prevents them from doing that? It is the financiers, the people who control money and credit, who are only too glad to lean on us to make war, to make the gun-makers wealthy, but when it comes to making the Canadian population wealthy there is no more money. The money-makers are for war; they like war. Then they come and take away from us the money we have been able to make during or after the war, and that for many years to come.

As far as communism is concerned, Mr. Speaker, I would like to call the attention of the house to one fact. For the last month there has been vile propaganda against that northern section of the province of Quebec which I have the honour to represent in this house. The papers reported that there were 3,000 communists at Val d'Or, 4,000 at Rouyn and 2,000 at Malartic. It was even said that machine-guns had been found at Val d'Or, in the cellar of the member for Pontiac. However, when they came to my house they found that it had no cellar, so how could it hide machine-guns?

This whole story is a malicious fabrication, reflecting on the population of the northern part of the province. At Val d'Or as elsewhere, the people are peaceful, peace-loving, mindful of their own business. They are not communists. There are no more communists in Val d'Or or in Rouyn than here in the house at Ottawa, or in Montreal. We have no such people. Those living in the north are for the most part Catholics. In my constituency they are Social Crediters, which means that they are anti-communists.

Before resuming my seat, Mr. Speaker, I would like to call to the attention of the Minister of Public Works—he is not in his seat at present, but he will read this—the fact that we in Val d'Or are in great need of a post office and that the hon. Minister of Public Works (Mr. Fournier) should see his way clear to satisfy the numerous demands that come from the city of Val d'Or, and provide it with a post office. We also ask for the establishment of a rural mail delivery service in all the parishes of the county of Pontiac, which are all agricultural or colonization parishes. Some people there have to walk as much as five or six miles to fetch their mail. We ask for a rural mail delivery service. We are entitled to it, but here again I suppose money will be lacking.

For two years now we have been demanding a home delivery mail service for the twin cities of Rouyn and Noranda. The Postmaster General (Mr. Bertrand) says that a post office should be constructed at Noranda or at Rouyn, and that he does not know what to do. Those people in the north want to be told, not where the post office is to be built, but whether they can have their mail delivered at the door. As far as the means employed are concerned, that is the government's business, the Post Office Department's business. The population wants results. If we get none there, because the member is not a Liberal, it means that it is just the same as in Russia where communist methods are employed. The representatives of the people must be respected, whether they be Liberals, Conservatives, C.C.F. or Social Crediters. When their constituency needs something, let them have it, instead of waiting till the next election to give them empty promises. Those are the things which my constituency most urgently needs. I hope that the responsible ministers will see to it that those requests are satisfied as soon as possible. The whole population suffers from injustice at present. We are entitled to these services and have a right to expect results.

In conclusion may I state that, from the economic point of view, social credit provides a solution. If it is not good, let another one be brought forward. Its philosophy is not a materialistic one. On the contrary it is a good spiritual philosophy and we will fight for its application throughout Canada.

(Text):

Mr. T. B. BARRETT (Norfolk): Mr. Speaker, my contribution to the debate will be brief, for I do not intend to indulge in any detailed criticism of the budget but merely to endorse what already has been very well said by other members of this party.

I find that the manner of the Minister of Finance (Mr. Abbott) is so engaging that, as far as I am concerned, in his administering of a very bitter pill I am somewhat disarmed.

However, in spite of his assurance that the medicine will be good for us, I think the harshness and bad taste of the dose will not only nullify any good effects which theoretically it should have, but tend to destroy that confidence which is so necessary between patient and physician if a cure is to be effected.

The disease, the minister tells us, is inflation; the cure, high taxation. But this heavy burden of taxation, especially as it bears upon the lower income group, is having a definite effect in slowing up production; and increased production, it seems to me, which would help to satisfy the pent-up demand, would be a much better way of beating inflation than taking the people's money away from them so that they will be too hard up to buy what they want.

My conception of the function of government is probably an old-fashioned one, but I believe that government should interfere as little as possible with the ordinary affairs and the lives of the people. If injustices are being perpetrated by any one group, it is the duty of the government to correct and curb those abuses. But otherwise I think they should, as much as possible, leave the people alone to run their own affairs and they should make conditions such that the people will be encouraged to make a reasonable profit rather than discourage and discredit them for so doing.

I deplore this ever-growing tendency toward government interference in private business which is so greatly advocated by my hon. friends to the left and which is practised by my hon. friends opposite. I shall probably be dubbed as a Tory reactionary for taking this stand. Since that term is bandied about so often, I think it worthwhile to inquire into just who are the reactionaries in this house. According to my understanding, a reactionary is one who persists in advocating outworn and discredited policies. Socialism is nothing more than state management, state control and state paternalism. It is the oldest form of government known to society.

In the olden days of the tribal system it probably worked fairly well, in that stage of social development. The chief had full control over the lives of the people of his clan, and looked after them in a paternal way. As civilization advanced, this system developed into the old feudal system, and for a great many years that worked well, at that time. But society has outgrown that. It is now outworn and discredited. On the other hand, the system which this party stands for and supports, that of the greatest freedom of the individual—out of which have grown all the freedoms which we enjoy, such as the freedom of association, universal suffrage, freedom of elections and all the other benefits of democracy—is the most modern, the most advanced system, and has been more conducive to human happiness than any other system recorded by history. I therefore leave it to the judgment of the house as to who are the reactionaries.

Moreover, while our hon. friends of the C.C.F. are extremely voluble in repudiating these embarrassing advances which are being made to them by communism—and I quite acknowledge their sincerity in this repudiation —I must point out to them that, while their methods of approach and their methods of administration differ vastly from those of communism, in the long run the ultimate aim is the same, namely state control of the people. In fact, as Lord Lothian said a few years ago at an Empire club banquet, communism is the only form of socialism that will work. In this connection, with your permission, Mr. Speaker, I should like to read into the record a resolution which I have received from a group of Ukrainian citizens in my own constituency. It is as follows:

We, Canadians of Ukrainian origin, numbering 80 gathered at a public meeting in Waterford, Ontario, May 16, 1948, unanimously resolved to bring to your attention the following:

1. In 1918, by the will of forty million Ukrainian people on their ethnographic lands of Europe, a democratic Ukrainian national republic was formed, which was recognized by the western powers.

2. The Ukrainian national republic was annihilated by the armed aggression of the Muscovite Bolsheviks between the years 1918 and 1920, and a fictitious totalitarian state the so-called Ukrainian Soviet Socialist Republic was formed, which, even today exists due to the dictatorship of the ruling communist party and to the terrorism of the secret political police.

3. Since that time the Ukrainian people have struggled unceasingly against the Soviet occupants, viz.: millions of lives lost in that struggle, the present uprising of the Ukrainian partisan army, and the new 300,000 Ukrainian political refugees in the allied occupation zones of Germany.

4. Only after occupying the Ukraine, and annihilating the more intelligent and more active elements of the Ukrainian people by mass executions, by banishments, and by artificial famine, were the Muscovite communists able to commence the realization of their imperialistic plans for undermining the whole world.

5. The Union of Soviet Socialist Republics, with its anti-national, totalitarian, terrorist regime, appears as the greatest threat to world peace, world freedom, culture and the Christian religion.

6. By means of revolutions, civil wars, economic crises and subversive acts of its fifth column communist parties in every country, the U.S.S.R. aims to overthrow the existing democratic regimes and to form vassal states, based on the dictatorship of communist minority.

7. The communist parties of the world, under various aliases, are in reality branches of Moscow's communist party of Russia and a fifth column of the U.S.S.R., whose orders guide their

activities. Their activity is aimed at the destruction and overthrow of countries wherein they function.

Therefore, we appeal to the Canadian government and especially to its united nations representatives:

1. To investigate, to introduce and to support at the united nations forum, the just requests of the forty million Ukrainians in regard to the renewal of the Ukrainian democratic national republic on their ethnographic territories.

2. To question the right of Mr. D. Manuilski, who has been appointed by and represents the occupational Russian regime, the right to speak in the name of the Ukrainian people.

3. To point out to the members of the united nations the threat to world peace of the present totalitarian U.S.S.R. government with its anti-national regime and its imperialistic foreign policy.

4. To outlaw the so-called Labour Progressive party, which is a branch of the Russian communist party and a fifth column of U.S.S.R. The L.P.P. is not a Canadian party because its headquarters are outside Canada and this party's activity is aimed at exterminating the democratic regime in Canada.

5. To extend a sanctuary on Canadian soil to the Ukrainian political refugees, who at present are found in western Germany and Austria. These peoples are anti-communists, and are representatives of every walk of life. During the last three years under the protection of the western allies they have displayed their skill in organizational and constructive work.

These displaced persons if assisted to settle in Canada would spearhead the movement and combat communism since they are victims of its menace. We feel that the settling of these people in Canada will raise the standard of Canada culturally and economically. In the present grave international crisis these people look with foreboding at the future and have no opportunity for a total expression of their constructive abilities.

We trust that you, being acquainted with the foregoing, will draw the necessary and fair conclusions and meet our request with approval. We remain,

Faithfully yours,

Mike Podolak,
Chairman of meeting.

John Danyeevich,
Secretary.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, in his budget speech the Minister of Finance (Mr. Abbott) said we should view the national budget in relation to the whole economy of the country. He went further and said we should think of it in terms not only of the present but also of the future.

With that sentiment I thoroughly agree, but I fail to find in the budget speech or in the policies of the government any implementation of that high principle. As far as the budget itself is concerned, it seemed to me that the Minister of Finance applied that principle of planning our national affairs in relation to our whole economy only with respect to the national debt. To him it seemed a matter of supreme concern that we plan everything to make as large a reduction as possible in our national debt. All of us feel a measure of sympathy with that idea, for it is in keeping with something most of us go through personally. We find that debt is a millstone around one's neck, and that it is highly desirable to get rid of it if at all possible. But it is also true in the experience of ordinary human beings that most people like to live for something else than just paying off debt. Most people like to enjoy life in the process, and to feel that they have something to look forward to. I suggest that there is a parallel between that ordinary human experience and the problem which faces us in planning our national economy. I believe it is our job as a parliament, and the job of the government, to find a balance between reducing the debt as far as that can be done, and at the same time making provision for improving the standard of living and providing our Canadian people with an opportunity to enjoy life here and now.

Just in passing, I should like to remind the minister and the house that if his position were completely logical it would mean that we should do our best to get the national debt down to some small figure, such as it was a number of years ago. When we look at some of the statistics with which we have been furnished we find that in 1933 our national debt was only about $2,500 million. In 1947, on the other hand, our national debt was over $13,000 million. Most of us have memories of 1933 which are much more bitter than those of 1947. The fact is that in the year of the infinitely smaller national debt we had the worst depression this country has ever known, but in the year of the huge national debt to which I have referred we had what the government, at least, calls a time of high prosperity. I do not say one is the cause of the other, but certainly these figures disprove the suggestion that by simply reducing our national debt to some smaller figure we would bring back prosperity. What counts is not the size of the national debt but the level of our economic activity, and the production of the goods and services that go to make up the standard of living of our people.

As a matter of fact, this point was driven home to the house a good many times during the course of the war by the present Minister of Justice (Mr. Ilsley) when he was Minister of Finance. Time and again he was chided by Mr. Hanson, then leader of the official opposition, over the huge debt which was being piled up. The minister found this chiding somewhat to his liking, for it enabled him to reply that this huge national debt was but an

index of the increased productivity of the country. Many times he told us he had no fear of our ability to carry a much larger national debt as long as we had a high level of economic activity and high productivity. So I suggest that the aim of the government's budgetary proposals and the aim of parliament should be not simply the reduction of the national debt to some hypothetically low figure, but rather the raising of the level of production and the standard of living of the Canadian people.

I felt that the best part of the budget speech was the part the minister did not read. As a matter of fact, I want to compliment the minister and his officials on the way in which the white paper was put together this year. In his speech the minister indicated that there were certain new departures; and I have found it extremely interesting and valuable to look through the statistics contained in the budget white paper. I am sure these figures will be very useful to us in time to come. I was particularly pleased with the way in which the minister had prepared for us not only figures relating to government accounts but figures relating to our national economy in the broader sense. I am interested also in the figures he gave relating to the amount of money spent by governments at all three levels in relation to the total national income of the country as a whole.

Some hon. members may fear that having said this, I shall be launching into a reading of a lot of these figures. That is not my intention tonight. I do wish to call attention, however, to the figures in the appendix to the budget, on page 4111 of *Hansard,* where a table appears headed, "Personal disposable income per capita". This table, like many others in this appendix, gives comparisons for the years 1939, 1944, 1946 and 1947. The particular table to which I refer indicates quite clearly that there has been a considerable increase in the amount of personal disposable income per capita in this country since 1939, and I happen to know that the figure in 1939 was considerably higher than it was in 1933. Even with the increases that have taken place, however, we find that the average personal income per capita in Canada for 1947, before the deduction of taxes, was $804. The direct personal tax amounted on an average to $63, which left a net personal disposable income of $741 for every man, woman and child in this country.

It all depends on one's approach to this subject whether that is a good figure or not. When one thinks of it in terms of average individual income it does not sound very much, but when someone points out that it is the average income that people can spend for all the goods and services they need to keep alive, the average income of every man, woman and child, then it might be said that it is pretty fair. For example, if the average for every man, woman and child is close to $750, to use round figures, it would mean that a family of four—a man, his wife and two children—would have an average annual spendable income of $3,000. Again I say that sounds very good when one speaks in terms of averages.

But nothing is more deceptive in statistics than averages and that rule certainly holds good in this case. It so happened that about a day or two after we got the budget and this interesting appendix which the minister gave us with it, his colleague, the Minister of National Revenue (Mr. McCann), presented us with a green book entitled, "Taxation Statistics." This book bears the publication date of September, 1947. Again I am grateful to a department of government for what it has done in compiling useful statistics. I wish to refer to some figures found on pages 116 and 117 of this new and interesting book. The figures on these pages are headed as follows:

> Estimated distribution of taxpayers, income, and revenue by income class and by marital status and dependents.

These figures are for the taxation year 1946, which is the last year for which these statistics are available, and one can understand that they could not be any later than that just yet. I wish to make a comparison between the average personal disposable income which the Minister of Finance gave in the appendix to the budget with the figures furnished by the Minister of National Revenue. I do not want anyone to say I am dealing with figures that are not comparable, so in the table given by the Minister of Finance on page 7 of the appendix I shall take the figure for 1946 and compare it with those given by the Minister of National Revenue for the same year. In that year the average personal income in Canada was $769 before taxes were deducted. With the deduction of taxes, it is brought down to $704. It is a question which of those figures one should take for the purpose I have in mind, but I suggest that the round figure of $750 is fair enough, and for my purposes it is on the conservative side.

What I am anxious to do is to show hon. members how deceptive that average is. It is very nice to say that every man, woman and child has $750 a year to spend on the things he needs. Thus it might be said that $3,000 a year for a family of four is not too bad. But what is the picture as given to us

by the Minister of National Revenue in his book, "Taxation Statistics"? To begin with, I may say there are several columns in these pages headed "single no dependents", "single one dependent", "single two or more dependents", "married no dependent", "married one dependent", "married two dependents", "married three dependents", and so on. I intend to take the figures from only three columns. The three I have chosen are "married one dependent", "married two dependents" and "married three dependents". In other words, these are families of three, four and five persons. I have taken them as being a sort of average Canadian family.

If it were true that the Canadian people have this glorious average of $750 a year per person it would mean that families of three should have an income of $2,250 a year. But what is the story for a family of three persons, namely, a married couple with one dependent? There were in the year I am considering, 1946, 423,520 taxpayers in that class. Of those 423,520 taxpayers in the class of families of three, only 161,020 had $2,250 or more. On the other hand, 262,500 of them had incomes of less than $2,250, or, in other words, less than this glorious Canadian average.

Let me put it in percentages. Only 38 per cent of families of three persons who pay taxes had the average income or better; 62 per cent of them had less than the average. Bear in mind this further fact that I am taking only the figures for those in the taxation bracket. If you add to the 62 per cent to which I have just referred the families of three that do not pay income tax that are below the exemption levels, the number of which is not given, you raise to a much higher figure those families of three Canadians who are below the average to which I have referred.

Let me go into the next column which deals with married persons with two dependents, or, in other words, a family of four. If the glorious Canadian average meant anything it would mean that a family of four should have an income of four times $750, or $3,000 of disposable personal income. But what is the story of families of four? According to the figures furnished by the Minister of National Revenue, there were 294,616 taxpayers in the class of families of four, or married with two dependents. Of those 294,616, only 48,166, or 17 per cent, had the average or better. On the other hand, 246,450, or 83 per cent, had incomes in 1946 below the glorious average.

Again I point out that that figure of 246,450 families of four persons having less than the average income takes into account only those who paid taxes. If you add to that figure the families of four that had incomes so small that they did not pay taxes at all and therefore are not included in the taxation statistics, the percentage of Canadian families of four having less than the average would be even higher than 83 per cent.

I move over into the next column which is headed "married three dependents", or in other words, families of five. What is the story there? Again, if the average of $750 meant anything it should mean that families of five have an income of $3,750 a year. I find in the case of these families of five, in 1946 there were 142,524 who paid taxes, and of that number only 14,224—

Mr. McCANN: Where did you get that figure of 14,224?

Mr. KNOWLES: I am taking those who were receiving $3,750 or more. The minister will find that dividing line about half way down the column. I have taken this average of $3,750 and added the figures from there down—the minister can check them and draw my attention to it if I have made a mistake—and it comes to 14,224, which is ten per cent of the total number of taxpayers in that group, whereas there are 128,300 who are below $3,750 in the families of five. This means that, of the families of five who pay taxes, 90 per cent have incomes of less than the average figure of $750 per person.

Mr. McCANN: There may be two in the family who are not dependents at all.

Mr. KNOWLES: The heading on the column is, "married three dependents". If they have other members of the family who are not dependents they are not claimed as dependents by the taxpayers.

Mr. McCANN: You ought to put on the record, with respect to the family of five who, according to your figures, are earning $3,750, or five times $750, that all of them put together had to pay a tax of only $190 on the average.

Mr. KNOWLES: The Minister of National Revenue is missing my point altogether. I am not now complaining about the amount of tax the people had to pay. I am complaining with respect to the thousands of people who are in such low income brackets that they do not pay income tax at all.

Mr. McCANN: If that is your only complaint we can attend to that.

Mr. KNOWLES: That is the best promise we ever got from the ministerial benches. I want to make one further comment about this class, namely, families of five. I have taken as the average $3,750, namely, five times the

average individual income of $750, and I have shown that 90 per cent of the families of five have less than that average. Actually in the group "married three dependents", namely, families of five, there are 56,800 who have less than half the average, and that figure of 56,800 represents 40 per cent of the married taxpayers in this country who have three dependents.

I point out again that my figures are on the conservative side, because they do not include the thousands of persons that there are in each of these categories whose incomes are below the exemption levels altogether. I submit, Mr. Speaker, that this turns that glorious Canadian average of $750 per person into a pretty sorry picture when one has to face the fact that there are that many Canadian families trying to get along on incomes so far below the average. This average income is very nice if you have it or if you are in the brackets above it, but it is poor solace and poor comfort to those who are away down below to be told that, on the whole, things are so glorious in this country.

There are two comments I want to make on the statistics to which I have just referred. The first is, if I may go along with the line of thought that was in the mind of the Minister of National Revenue, that these figures support the criticism that has been made from many quarters of this house against the Minister of Finance for his failure to increase the tax exemption levels. Others have pointed out, and I will not take time to repeat it, what has happened to the cost of living. The Minister of Finance himself pointed that out very effectively in his speech when he told us that it was the thing that had chiefly concerned all of us during the past year or so. What I am pointing out now is that it is no theoretical or hypothetical consideration but a real problem for thousands of Canadians whose total personal disposable income is so far below the Canadian average.

The other comment I make on the basis of these figures is that they reveal pretty poor planning on the part of the government of the day as far as the standard of living of our Canadian people is concerned, and it points up the need for tremendous improvements in our economic conditions both in terms of economic productivity and in terms of social security. I do not wish to go into these matters at any great length tonight, but I want to say a word or two in particular with regard to the second of the things I have just mentioned, namely social security.

If any government accepts it as its duty to make its budget have some beneficial effect upon the life of the country; if, as the Minister of Finance said in his budget speech at page 4072 of *Hansard*—

> In the world of today we must be prepared to undertake much that is new, much that is daring, much that is big.

—one of the places to start is in the field of social security, a need that is high-lighted by the kind of figures that I have given the house tonight taken from the government's own statistics. With so many of our people down in those income brackets where living is so tough, it is not good enough to plan for better programs of social security years or decades in the future—

Mr. MARTIN: What other country spends as much of its national income on social security and welfare services as Canada?

Mr. KNOWLES: That question is repeated so often, every time we talk about conditions in Canada, that it is losing any point it ever had. What we are concerned about is Canada. Even if the conditions to which I have referred are the best in the world, still we are not satisfied with them and no parliament or government has any right to be satisfied with them.

Mr. McCANN: All things are relative.

Mr. KNOWLES: Things are relative, but it is relatively hard to live at the standards of living and on the incomes which these people receive.

Mr. McCANN: They are living better than any other people in the world.

Mr. KNOWLES: There we are, right back to the same old argument. I say to the government that their job is not to be satisfied by comparisons with other countries—and I am not sure that there are not some other countries where in some respects they have things a little better than we have.

Mr. McCANN: Where are they?

Mr. KNOWLES: But in other respects we are better off here. However I am not going to enter into that argument.

Mr. McCANN: No, that is the argument that kills yours.

Mr. KNOWLES: It is the argument that will kill your government, and you know it.

Mr. McCANN: It is the argument that kills your argument.

Mr. KNOWLES: The minister has been in this official atmosphere for so long that he has forgotten what these things mean to the people back home. I sat here a week ago tonight when the budget was brought down

and sensed the general feeling in the house that it was a tough sort of budget but perhaps a necessary one, and I knew the Minister of Finance felt that, after people had thought it over, they would thank him for it. But I happened to be home in Winnipeg over the weekend and I was amazed at the things people said to me whom I met even casually during the two or three days while I was home.

Mr. McCANN: Tell us what they said.

Mr. MacNICOL: It would be unparliamentary language.

Mr. KNOWLES: I found far more disappointment with this budget, even amongst people who are Liberals, if you please, than even I expected.

Mr. McCANN: They will tell you the truth.

Mr. KNOWLES: They did, that is it. They told me the truth. They told me they could not understand—

Mr. McCANN: What is it? We are prepared to hear it.

Mr. KNOWLES: They could not understand the Minister of Finance bringing down a budget with the huge surplus that was announced and doing nothing to improve the position of those in the lower income brackets. If the Minister of Finance wants to know it, I had not planned to speak in this budget debate, believe it or not, until I went home and found so much opposition to it that I felt—

Mr. ABBOTT: You had better capitalize on it.

Mr. McCANN: Tell us what the opposition is other than that it did not meet your demand for a cut in personal income tax.

Mr. KNOWLES: I just told the minister, and he has repeated it. That is the chief opposition of the people of this country to this budget. They say that, with a surplus of over $600 million, the Minister of Finance surely should have found it possible to raise the exemption levels and give some taxation relief to those in the lower income brackets.

Mr. McCANN: Everyone of those people realizes—

Mr. KNOWLES: How about standing up?

Mr. McCANN: I will rise. I am sorry; I did not want to interrupt the hon. gentleman.

Some hon. MEMBERS: Oh, oh.

Mr. McCANN: There is not a person in this country who does not realize the obligations that we have because of the war, and frugal, sensible people who understand the economic conditions of this country, are prepared now to pay our share of our vast debts.

Mr. MICHAUD: Hear, hear.

Mr. KNOWLES: That is absolutely right; people are prepared to pay their share, but people to whom I talked, some of whom are in the upper income brackets, did not feel that it is fair to keep on taking so much from the people in the lower income tax brackets.

Mr. McCANN: The only people who are talking that way are the hon. member and other politicians who are doing it for political reasons. On economic grounds it is not sensible.

Mr. KNOWLES: The more the Minister of National Revenue interrupts, the sillier his remarks get, and also the more untrue—particularly that last remark. It is a little too much even for the Minister of National Revenue to make.

I was getting around to the point, before these interruptions became so numerous, to say that in my view it is the responsibility of government to try to do something to improve the lot of the people who need it. I have shown tonight from the government's own figures that there are thousands of our own people whose incomes are away below the average and who need some real help from the economy of this country.

The government can do things in the way of improving our general level of productivity and economic activity. I am leaving that phase of the matter to other of my colleagues who are taking part in the debate, because I want to say a few words about the other responsibility the government can discharge, namely, the improving of plans for social security. I should say it is not just that plans need to be improved; it is the implementation of those plans that is so long overdue.

The other evening the minister announced a surplus of $670 million; but for the old people of this country the only concession that was made was about $5,000,000, to use the minister's own figures, that he proposed to give to people sixty-five years of age and over by means of increasing the exemption level for people of that age. Everyone in this house knows my concern for improving the lot of old people in this country; but I suggest, Mr. Speaker, that the place to start, if you are going to give $5,000,000 to Canadians sixty-five years and over, is with those who have the least and hence need help the most. The minister's way of doing it gives the greater part of that to those in those income brackets

who have the most. A colleague of mine interrupts to correct me, and rightly so, and says that all of it goes not to those who need it most, but to those who need it least.

Take, for example, persons sixty-five years of age and over who have an income of $6,000 a year. There are a number of them, as hon. members know, in another place in this building. Most of them are over that age, but they have at least that income. Raising the exemptions for people on that level will give them a tax reduction—or an increase in take-home pay—of at least $110 a year. That $500 a year exemption level increase means that the top $500 on which they are paying tax is no longer taxable, and they are up in the bracket where they pay at least 22 per cent. Twenty-two per cent of $500 is $110.

If any of the hon. gentlemen to whom I have referred have other income, and they are in higher brackets still, they get that much more. For example, a member of the other place who had other income that put him up to $20,000 a year, or some business executive, and there are quite a number of them getting $20,000, he is in a bracket where this tax relief will afford him $250. Why give $110 to people who have incomes of $6,000 a year, or $250 to people who have incomes of $20,000 a year, because they are over sixty-five years of age, and give nothing to the old age pensioner who gets only $360 a year, or $420, or $480, depending upon which province he lives in? If you took $5,000,000 and divided it up amongst the old people a fair way to do it would be to divide it amongst Canada's old age pensioners. It would not mean much, but if you divided it amongst all it would come to pretty close to $2 a month. I suggest that this would have been a much better gesture on the part of the government than doing it this way.

Mr. BEAUDOIN: Will the hon. member permit a question?

Mr. KNOWLES: Yes.

Mr. BEAUDOIN: Is it true that the Saskatchewan government has cut down the old age pension recently?

Mr. McKAY: No; raised it.

Mr. KNOWLES: The Saskatchewan old age pension is the basic $30 a month that is provided for by federal statute, plus a $5 supplement added by the Saskatchewan provincial government.

Mr. BENTLEY: And they all get it.

Mr. KNOWLES: Alberta pays a supplement; British Columbia pays a supplement, and there is a certain kind of supplement in Ontario.

Mr. SKEY: A $10 supplement.

Mr. KNOWLES: With an additional means test. I am just stating these figures to give the total picture. Do not get me off into that, because it would be quite a long story. I frankly do not like the way in which we have been led into making old age pensions a political football and tossing it back and forth from the federal government to the provinces, or from one province to another. In my view what should have been done is something along the line which was proposed in the government's proposals to the provinces back in 1945.

Mr. BEAUDOIN: As a matter of fact, your government did cut it.

Mrs. STRUM: They never did any such thing.

Mr. KNOWLES: I happen to come from Manitoba; therefore it is not my government. But Saskatchewan at no time reduced the pensions payable to the old age pensioners in the province.

Mr. MARTIN: They withdrew the $5 supplement last fall.

Mr. KNOWLES: The story of the Saskatchewan old age pensions was this: first $20 years ago, then raised to $25 in 1943 when this government did it here, raised to $28 a few years later by the Saskatchewan government itself, then raised to $30 a month about two years ago, and raised to $35 a month a few months ago. At no time has it been reduced.

Mr. MARTIN: Is it not a fact that last fall when the Old Age Pensions Act amendment became effective the $5 supplement payment that Saskatchewan normally paid was withdrawn by the provincial government and restored at the beginning of the present year?

Mr. KNOWLES: The $5 provincial grant that the province gave for about a year before this government came through with it was paid in lieu of the $5 which it was expected this government would provide. When they came through—

Mr. GIBSON (Hamilton West): Pretty weak!

Mr. KNOWLES: When it came through they did exactly what Premier Garson did in Manitoba, and nobody in this house had a word to say about that.

Mr. TIMMINS: What was the hon. member for Moose Jaw (Mr. Thatcher) complaining about out in Saskatchewan last October?

Mr. MARTIN: Saskatchewan was the only province to withdraw payment.

Mr. KNOWLES: The Minister of National Health and Welfare knows he is just indulging in the kind of practice that a certain magazine did. He is just carrying on this attempt to set the dominion against the provinces, and one province against another, and the old age pensioners suffer as a result of it.

I want to point out that the government of Saskatchewan has recently added another $5 and made it clear that it is paying what it regards as 25 per cent of a $50 a month pension, and it calls upon this government to give their share of the $50 a month pension.

Back in 1945, and I presume they meant it, the federal government made offers to the provinces, which included the expectation that this government would pay out $217 million for old age pensions in 1948. I know all the arguments about these two provinces down here who will not sit down and talk things over and agree upon something for the good of Canada as a whole, but this government apparently expected to spend $217 million on old age pensions in 1948. In this year's estimates the amount allotted is $65,000,000. I do not call that a good budget. With a surplus of $670 million, the government allow only $65,000,000 for old age pensions in the year 1948, when in 1945 they talked of putting aside $217 million for old age pensions.

Mr. DEPUTY SPEAKER: Order. I must inform the hon. member that his time has expired.

Some hon. MEMBERS: Go on.

Mr. KNOWLES: Just two minutes more, Mr. Speaker.

I was one of those who applauded most enthusiastically—I meant it and still do—when the Prime Minister made the announcement a few days ago in regard to health measures. We welcome a beginning in that field with all the enthusiasm we possess. But I cannot help noticing on the other hand that, whereas in 1945 there were proposals that involved the federal government spending $150 million per annum on health measures, we now have proposals laid before us for only $30,000,000. That kind of budgeting is not good enough for a government whose job it is to exercise some responsibility in respect of the well-being of the Canadian people as a whole. Our people have a right to expect something a great deal better.

There was more that I should like to have said, Mr. Speaker, but I will not trespass upon the time of the house. I thank you for the two minutes extra you have given me.

[Mr. Martin.]

(Translation):

Mr. PIERRE GAUTHIER (Portneuf): Mr. Speaker, my first words will be to congratulate the treasurer, the Minister of Finance (Mr. Abbott) on the angelic patience he has shown all through this debate.

Mr. MICHAUD: Hear, hear!

Mr. GAUTHIER (Portneuf): The treasurer has to listen—

Mr. MICHAUD: To dissatisfied people.

Mr. GAUTHIER (Portneuf): —over and over again to the same criticisms and requests. After having heard members criticize his failure to reduce the income tax, he will listen in a few days to a possibly greater number of members who, after all their criticisms, will ask him for increases, pensions of all kinds. They will tell him—like I am going to do tonight—that he should provide for public works, the construction of post offices, repairs to piers, et cetera. That is why I think he deserves to be congratulated, although those are the only congratulations I shall address to him tonight, for I believe, like Samuel Johnson, that praise like gold and diamonds owes its value to its scarcity. I ask him to continue, not always to pay attention to minor details but, as he has done, to face the future squarely without any fear of criticism, shaping his course with the knowledge that each of his actions and motions, as well as each of the words he has uttered are in the best interests of the people.

I heard last night the hon. member for Moose Jaw (Mr. Thatcher) tell us in perfect French, for which I congratulate him, that there are fundamental differences between his group and the communist party in so far as their respective ideologies, objects and methods are concerned. As regards the objects and methods, I might admit that often enough the hon. member is right. But in connection with any fundamental difference in ideology, I cannot see how the advocates of socialism, under whatever form, can know so little about it as to believe that they diverge from a theory which they have upheld from the very beginning, that is the Marxist theory. They are opposed to dictatorial methods used by communism, but let us remember that socialism and any form of government control of industries is a totalitarian method and if they do not propose to overthrow governments by force, if they plan to achieve that end through the popular vote, it is certainly not by advocating what can be called real democracy, because after all we must remember that in

England, after two or three years in office, the government proposed to nationalize that most noble of all arts, medicine. Fortunately, the United Kingdom medical association stood firmly and the government had to fall back and let the people obtain medical care as it should be given, that is on the basis of devotion and self-sacrifice.

Mr. MICHAUD: Hear, hear!

Mr. GAUTHIER (Portneuf): Mr. Speaker, I read in the Ottawa *Journal* today an article which is exactly along my line of thinking. In a certain debate, I referred to the position of Spain with respect to the united nations and especially the United States and the British commonwealth. As we are trading with Spain, I think I will be allowed to say a word about this article and even add to it. The Ottawa *Journal* said—and I am giving a hasty translation—that during the civil war in Spain, men who hold eminent positions in the communist party today were then acquiring their basic experience trying out, as de La Fontaine puts it in one of his fables, their first set of teeth. There we find Georgi Dimitrov who drew up plans for the international brigades in Spain and is now the Red dictator of Bulgaria. Tito was then known under the name of Joseph Brozovitch. He was in the forefront with Dimitrov and he is today the dictator of Yugoslavia. Klement Gottwald was a political commissar in Spain and today he is the strong man in Czechoslovakia. André Marty who was in active charge of the Dimitrov plan, is today a communist leader in France. I would say that he is the chief communist agent in France because he held a key position in the leadership of the communist party in that country. I am adding this to the article because the latter does not state that André Marty, his ancestor, was the communist leader in 1871, when Napoleon III fell. Luigi Longo, notwithstanding some newspaper items, holds in Italy a position exactly similar to that of André Marty in France. Longo presides over the military and political organization of the communist party in Italy. Mention is mostly made of Togliatti, but the real leader is Luigi Longo. These two men were making a first test of strength with Doctor Negrin the then president of the so-called democratic government of Spain. Therefore, those were the men who ran everything their own way in Spain and who were defeated by Franco.

Spain is accused today of being ruled by a fascist government and of still putting up with such a regime. At the same time, I am sorry to say, the united nations do not hold it against Russia to be party to two treaties, the first with the united nations, the second in relation to the three powers agreement of Japan, Germany and Italy. It is this secret document which was made public by the state department of the United States and which truly existed though its existence was denied, as it was bound to be, by Soviet Russia. In the case of Spain, with which we have commercial dealings, it is a crime, but no such crime attaches to Russia for having had double dealings with the countries of the world.

As I cannot speak indefinitely on Spain without being called to order—I thank Your Honour for your indulgence—I shall only put on record this question asked by the honourable member for Charlevoix-Saguenay (Mr. Dorion): What are the figures relative to our trade with Spain from 1936 to 1947?

We find that in 1936, our imports from Spain totalled $1,129,315 while our exports amounted only to $469,160, more briefly, in 1947, we bought $3,003,000 worth of goods from Spain but sent her commodities valued only at $940,594. To borrow a well-known saying from one of the high officials of the Department of External Affairs, this means that if the word "consul" is as old as trade, we should appoint a consul to Spain since we have been trading with that country for quite some time.

I understand that Mr. Glass who is in Lisbon with Mr. Morin is doing very creditable work, but, even if Franco is still leader of the Spanish government, we ought to appoint a consul who would supervise Canadian business in that part of the Iberian peninsula.

I said that my words of praise for the treasurer would be brief but I added that, like other honourable members, I would make various requests. I take the liberty of putting two on record. Since 1939 I have been pleading for the building of a post office at Donnacona, one of the most prosperous new towns of the whole province of Quebec.

Some hon. MEMBERS: Hear, hear!

Mr. GAUTHIER (Portneuf): Under direction from the late and regretted Mr. Cardin, Minister of Public Works at the time, I had succeeded in having the Department of Public Works purchase a piece of land in Donnacona and prepare plans, and in having a credit approved in the 1939 estimates. Unfortunately, the war came and it shattered all hopes of these people to whom I owe much and who

have a right to expect a great deal from the federal government as well as from the provincial government.

I renew this request because, since 1939, the population has increased by 1,200 which is sufficient indication that the building used for this service is entirely inadequate. The people are justifiably complaining. Allow me, Mr. Speaker, to quote the following resolution passed by the municipal council of Donnacona, which was communicated to me and of which I sent a copy to the Minister of Finance (Mr. Abbott) some time ago:

January 5, 1948.

Whereas the town of Donnacona is the seat of the county of Portneuf, province of Quebec, and is at the same time a very important industrial centre;

Whereas all the citizens of Donnacona recognize the untiring work done by Mr. Arthur Delisle, postmaster;

Whereas the premises now occupied by the post office are too small and no longer suited to the needs of an important town like Donnacona;

Whereas the whole population of Donnacona earnestly demands the building of a post office by the dominion government;

Whereas the dominion government has already purchased in Donnacona a site for the building of a post office;

Whereas the dominion government has already recognized the necessity of a post office at Donnacona;

Whereas Donnacona requested the building of a post office six years ago;

Whereas the said post office is now urgently needed;

It is moved by Alderman Isidore Doré, seconded by Alderman Elisée Veillette and unanimously carried that the dominion government, through the Post Office Department, be entreated to accede to the request submitted by the citizens of Donnacona regarding the erection of a post office to meet the needs of the people.

I have been urged by the citizens of Donnacona to renew the request I made some time ago to the Minister of Finance. I hope that his supplementary estimates will include an appropriation of at least $35,000, because the plans drafted in 1939 are now inadequate and will have to be revised to cope with the mail traffic at Donnacona. I said, a while ago, that the people of Donnacona deserve it. They give the finest example in the whole country of the co-operation that should exist between labour and industry. In that district, where strikes are unknown, grievances are settled through discussion, thanks to the perfect agreement that exists between industrialists as well as civil and religious authorities. If this example were followed all over the country in every district and community, there would be no cause to grieve over long work stoppages that entail heavy financial losses to industry and labour, but more especially to the workers' families.

[Mr. Gauthier (Portneuf).]

I now come to my second request. I shall state it more briefly because the plans are not yet complete. I have in mind the building of a wharf on the St. Lawrence just opposite the picturesque parish of Cap Santé, perhaps one of the most attractive tourist haunts in the constituency of Portneuf, along with Deschambault and Neuville.

I wrote to the Minister of Public Works (Mr. Fournier) stating my reasons for requesting the building of a wharf. I do not need to restate them in the house. I trust however the Minister of Finance will as usual have the patience of an angel and kindly listen to the claims of the member for Portneuf. They are few but he has them at heart. They are submitted with the best intentions. A friend of mine, the hon. member for Outremont (Mr. Rinfret) has reminded me of a request I had forgotten. I thank him for it. On behalf of all the farmers in my constituency and throughout the province, I ask the Minister of Finance to consider the case of those farmers compelled, as you know, to pay income tax.

I would ask the hon. Minister of Finance and the hon. Minister of National Revenue (Mr. McCann) if they could not find one way of reducing the income tax in the case of farmers. Let me explain why I make that request. The farmer employs on his land one, two or even three of his sons to whom, quite often, he pays no salary. I would ask the Minister of Finance and the Minister of National Revenue if it would not be possible to deduct from the farmer's taxable income a certain amount in lieu of such salaries in order to allow him, and especially his sons, to work with greater heart, to make the land more fruitful, and so to enable them to develop and enrich the heritage which was entrusted to them. They will be able in this way to keep more money at home, if possible, which will benefit the family and the young people.

I know that it is often stated that the federal government pays for family allowances. Had I only had the time I would have put on record the moneys which it provides in grants and subsidies of all sorts to the farmers of Quebec alone. Unfortunately, eleven o'clock is coming on and I see that my time is almost up. I have no intention of uselessly lengthening this debate.

I would therefore ask that special consideration be given to those farmers who employ their sons on their land, from, shall we say, sixteen to eighteen or nineteen, in order to help develop the national family heritage, and in order also to encourage those farmers' sons to stay on the land, to help, for several years, their parents, their younger brothers

and sisters, so that greater sunshine may yet flood this good Canadian earth to which the farmer is so attached and for which he has given so freely of his sweat and oftentimes, of his blood.

Mr. Speaker, I often regret that our hon. friends opposite do not read the history of this country more often when I hear them comparing our standard of living and that of other countries.

If they understood the wholeheartedness, courage, physical energy and strength with which our fathers devoted themselves to moulding Canada into the land we know, they would realize that this is a land of sacrifice if ever there was one. Even if they have slight grievances and feel that the people are not entirely satisfied, they should not dare to draw comparisons that always sound feeble, especially when the Canadian standard of living is set beside that of other countries.

It is good to be living in Canada, as those who have been elsewhere very well know. One need only look around to ascertain that I speak the truth when I say that Canada can be favourably compared with any other country in the world.

I regret, Mr. Speaker, that I am short of time; however, I wish to congratulate again the hon. the treasurer on his patience. I beseech him to disregard all critics; let him think and act as a true Canadian, always bent on making Canada the happiest country in the world.

Mr. MICHAUD: Hear, hear!

(Text):

On motion of Mr. Ilsley the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. GRAYDON: May I ask the acting leader of the government what the business will be tomorrow?

Mr. ABBOTT: We shall continue with the budget debate.

Mr. GRAYDON: If the budget debate should be concluded tomorrow what will be taken up?

Mr. ABBOTT: I think we shall go into supply. I believe that is the understanding.

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

HOUSE OF COMMONS

Wednesday, May 26, 1948

The house met at three o'clock.

COMMITTEES OF THE HOUSE

DEBATES—FIRST REPORT OF STANDING COMMITTEE

Mr. JEAN FRANÇOIS POULIOT (Temiscouata) presented the first report of the standing committee on debates, as follows:

Your committee has given careful consideration to its order of reference under date of May 10, 1948, which reads as follows:

"That the advisability of continuing the publication of the revised edition of debates and the distribution of the unrevised edition of same, be referred to the said committee."

Your committee has heard Mr. Edmond Cloutier, King's Printer and Controller of Stationery, and Mr. Earl C. Young, Editor of Debates and Chief of Reporting Branch, House of Commons, and Mr. Yves Fortin, Production Supervisor of the Printing Bureau.

Your committee recommends:

1. That the designations "unrevised" and "revised" editions be discontinued, and the day to day edition be known as the daily edition and the bound volume as the bound edition.

2. That members be allowed eight calendar days, from the date on which the speech is made, to submit to the debates office necessary and permissible corrections in their speeches as reported in the daily edition, and that no corrections submitted after this period be accepted.

3. That the pages of each daily edition be submitted to the printing bureau not later than nine days after the daily edition is published, and that once proofs of the corrected pages have been approved by the debates office they be assembled by the printing bureau for the bound edition.

4. That the pages of the daily edition be kept intact so that, after permissible corrections are made, the pages of the daily edition can be used for the bound edition as originally printed, and that changes suggested by members be confined strictly to correction of errors and essential minor alterations.

5. That effect be given forthwith to the recommendation contained in paragraph 4 above, for the present session and succeeding sessions.

6. That no order for reprints of a member's speech be received by the debates office after the expiration of seven days from the date of the daily edition in which it appeared.

7. That the distribution list of complimentary copies of debates allotted to members be hereinafter forwarded by the joint parliamentary distribution branch to the printing bureau for distribution.

Your committee further recommends that the government consider the advisability of increasing the number of complimentary copies of the daily edition of debates to members from 10 to 16.

All of which is respectfully submitted.

Jean François Pouliot,
Chairman

[*Later*:]

Mr. POULIOT: Mr. Speaker, by leave of the house I move, seconded by Mr. McIvor, that the first report of the standing committee on debates, presented this day, be now concurred in.

Mr. GRAYDON: I should like to ask the hon. member who has moved concurrence in this report how long it will be, under this new arrangement, before the bound *Hansard* will be available to members and the public.

Mr. POULIOT: Mr. Speaker, if I may be permitted to reply, the first bound volume will appear approximately one month after the time expires which is allowed for any necessary corrections—that is, something over a month after the opening of the session. Each month thereafter we shall have one bound volume of *Hansard,* representing about one month's sittings.

Mr. FLEMING: Mr. Speaker, many of us in this part of the house could not hear the report which the hon. member for Temiscouata has just read. I would ask that opportunity be given to members to scrutinize the report, and that to that end the motion for concurrence be deferred. If we are called upon to vote now, we shall be voting upon something we really know nothing about.

Some hon. MEMBERS: Carried.

Mr. FLEMING: Mr. Speaker, it is only proper that the motion should stand over until the members know what they are voting on.

Mr. POULIOT: I will leave it as a notice of motion for Friday.

Mr. SPEAKER: The hon. member may move the adjournment of the debate.

On motion of Mr. Pouliot the debate was adjourned.

PRICES—CHANGE IN PERSONNEL OF SPECIAL COMMITTEE

Hon. LIONEL CHEVRIER (Minister of Transport) moved:

That the name of Mr. Zaplitny be substituted for that of Mr. Irvine on the special committee on prices.

Motion agreed to.

INDUSTRIAL RELATIONS—SECOND REPORT OF STANDING COMMITTEE

Second report of standing committee on industrial relations.—Mr. Cote (Verdun).

REPORTS AND PAPERS

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I desire to table the annual report of the federal district commission for the calendar year 1947.

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Speaker, I wish to table the annual report of the national harbours board for the calendar year 1947. The French edition has been delayed in the printing, but will be available shortly.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

BANK OF CANADA—NEW CAPITAL INVESTMENT

Mr. MENARY:

Have steps been taken by the Bank of Canada to curtail the volume of new capital investment in Canada, and if so, what were they?

Mr. BELZILE: Under existing conditions the volume of new capital investment in Canada is limited primarily by the available physical supply of labour, building materials and equipment rather than by monetary or financial policies. It is understood however that the Bank of Canada has expressed the view to the chartered banks that under today's conditions, when the rate of capital development is straining Canada's manpower and material resources, it is undesirable that funds required for the financing of capital expenditures should be obtained through an expansion of bank credit. The budget speech dealt in a general way with the economic and financial aspects of this question.

NAILS

Mr. COYLE:

1. How many pounds of nails were imported from the United States during each month in 1947-1948?
2. What is the approximate selling price per pound in Canada?

[Mr. Speaker.]

Mr. McILRAITH:

1. Imports of nails from the United States:

Month	1947 Lbs.	1948 Lbs.
January	920,800	424,500
February	215,500	510,700
March	496,100	400,500
April	680,800	
May	805,200	
June	648,400	
July	848,000	
August	1,286,200	
September	768,400	
October	989,900	
November	569,800	
December	670,200	

2. Not known. Price would vary according to dealer or locality. There is no ceiling on nail prices.

EXPRESS RATES

Mr. TOWNLEY-SMITH:

1. Has the board of transport commissioners control over express rates as well as freight rates?
2. Have express rates recently been raised?
3. If so (a) how much; (b) upon what authority?

Mr. CHEVRIER:

1. Yes.
2. Yes (competitive tariffs only).
3. (a) 21 per cent; (b) section 332, Railway Act.

FARMBOROUGH, QUE., POST OFFICE

Mr. CAOUETTE:

1. Is there a post office at Farmborough, Quebec?
2. If so, what is the name of the postmaster?
3. If not, for what reason was this post office closed?
4. Will the said office be reopened in the near future?

Mr. BERTRAND (Laurier):

1. Not at present; temporarily closed 3rd October, 1947.
2. See answer to No. 1.
3. The postmaster, Louis St. Germain, resigned on 26th September, asking that his resignation be effective immediately, and no one could be found to take over the office.
4. Yes, provided a suitable person can be found to take over the post office.

POSTAL SERVICE—CARRYING OF MAILS BY AIR

Mr. GAGNON:

1. Has the Postmaster General or any officer of the Post Office Department entered into negotiations with the Canadian Pacific Air Lines for

the carrying by that company, on the same terms as Trans-Canada Air Lines, of letter mail, whether prepaid at air mail rates or not, as specified in the statement made by the Postmaster General on May 20?

2. If so, what was the result of such negotiations?

Mr. BERTRAND (Laurier):

1. Yes.

2. Negotiations continuing.

NEWSPRINT

Mr. DORION:

1. What was the newsprint production during 1947, in each province?

2. What was the newsprint consumption in Canada during the same year?

3. To what countries has newsprint been exported, and what quantity to each country?

4. What conditions are imposed for a permit to export newsprint?

Mr. McILRAITH:

1. Estimated total Canadian production 4,446,789 tons. Provincial figures not yet available.

2. Estimated Canadian consumption 273,485 tons.

3. Exports from Canada, by countries:

Country	Cwt.
United Kingdom	1,110,409
Eire	175,877
Aden	600
British East Africa	867
Southern Rhodesia	15,422
Northern Rhodesia	223
Union of South Africa	731,233
Nigeria	2,209
Sierra Leone	897
British Sudan	1,652
British India	290,830
Burma	1,122
Ceylon	33,281
British Malaya	59,716
Bermuda	6,083
British Guiana	13,207
British Honduras	717
Barbados	4,910
Jamaica	56,962
Trinidad	27,345
Leeward and Windward Is.	2,240
Hong Kong	88,083
Malta	4,312
Newfoundland	823
Australia	3,231,842
Fiji	637
New Zealand	488,672
Argentina	1,003,637
Belgian Congo	4,325
Bolivia	31,311
Brazil	597,778
Chile	173,679
China	627,884
Colombia	180,011
Costa Rica	24,147
Cuba	354,946
Ecuador	71,068
Egypt	31,268
French West Indies	403
Madagascar	523
Germany	627
Greece	41,364
Guatemala	24,585
Hayti	987
Honduras	203
Iceland	1,491
Mexico	435,667
Netherlands	121,674
Netherlands East Indies	21,198
Netherlands Guiana	1,472
Netherlands West Indies	1,531
Nicaragua	3,191
Panama	35,850
Paraguay	1,101
Iran	786
Peru	54,701
Portuguese Africa	5,299
Salvador	26,753
San Domingo	2,653
Spain	476
Syria	2,513
Turkey	2,179
Alaska	3,389
Hawaii	137,485
Philippine Islands	49,845
Puerto Rico	155,171
Uruguay	244,465
Venezuela	80,794
United States	73,506,975
Total	84,415,576

4. No export permit required.

WIARTON, ONT., EMERGENCY AIRPORT

Mr. CASE:

1. What is the total amount of expenditures to date on the emergency airport near Wiarton, Keppel township, Grey county?

2. Is the work on this airport now complete? If not, what are the anticipated expenditures to complete same?

3. Was the work on the Wiarton airport let by contract, and if so, what was the amount?

4. If not by contract, on what basis was the work undertaken?

Mr. CHEVRIER:

1. $676,658.83.

2. (a) No; (b) $45,000.

3. Total amount of contracts, $534,369.50.

4. Not applicable.

HOSPITALS—TUBERCULOSIS

Mr. NICHOLSON:

1. How many hospital beds were there per thousand persons in Canada, by provinces, in (a) 1931; (b) 1941; (c) 1947?

2. What was the death rate per 100,000 population from tuberculosis in each province in the last year for which statistics are available?

Mr. McILRAITH:

1. Number of hospital* beds per 1,000 persons in Canada, by provinces, 1931, 1941, 1946†:

	1931	1941	1946
Canada	7·6	9·0	9·4
Prince Edward Island	6·0	6·3	7·3
Nova Scotia	7·2	9·3	10·2
New Brunswick	5·8	7·0	7·7
Quebec	6·7	8·9	9·1
Ontario	8·0	8·9	9·2
Manitoba	8·2	9·8	10·0
Saskatchewan	6·7	8·4	10·5
Alberta	8·0	9·8	10·8
British Columbia	10·0	10·7	9·2

*Include acute disease hospitals, tuberculosis and mental institutions and homes and hospitals for incurables. Private and dominion hospitals not included.

†1947 figures are not available.

2. Death rates (preliminary) per 100,000 population from tuberculosis in each province, 1947:

	Rate per 100,000 population
Canada	42·6
Prince Edward Island	67·0
Nova Scotia	49·8
New Brunswick	53·6
Quebec	65·6
Ontario	24·4
Manitoba	41·7
Saskatchewan	26·4
Alberta	31·3
British Columbia	44·3

QUESTION PASSED AS ORDER FOR RETURN

PRAIRIE FARM ASSISTANCE—CROP INSPECTORS

Mr. ARGUE:

1. (a) How many crop inspectors were employed under the Prairie Farm Assistance Act in each crop year since 1939; (b) what was the total amount of salaries, wages and expenses paid to these inspectors in each of the above years?

2. In how many townships were payments made in each of these years?

[Mr. Chevrier.]

MOTION FOR PAPERS

PRAIRIE FARM REHABILITATION—SASKATCHEWAN—DAMS AND IRRIGATION WORKS

Mr. ARGUE:

For a copy of all plans and blueprints prepared by officials of the Prairie Farm Rehabilitation Act, from January 1, 1947, to date, pertaining to location, costs, size and type of structure of dams and irrigation works on the South Saskatchewan river.

Mr. GARDINER: I think that all of the blueprints and reports of the engineers have already been tabled in the engineer's report. If there are any others, they will be tabled.

Mr. SPEAKER: Carried, subject to the reservation made by the minister.

URANIUM

DISCOVERY IN HALIBURTON COUNTY, ONTARIO

On the orders of the day:

Mr. C. W. HODGSON (Victoria, Ont.): I should like to direct a question to the Minister of Mines and Resources, or to the government generally. Is the government aware that the largest body of uranium ore on the North American continent has been found, and proven by diamond drilling, in Haliburton county within about seventy miles of the Chalk river plant?

BUSINESS OF THE HOUSE

STATEMENT AS TO LEGISLATION TO BE INTRODUCED DURING THE PRESENT SESSION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): On Monday my hon. friend the acting leader of the opposition (Mr. Graydon) asked if I would give the house a statement of the legislation that is still to be brought down before the conclusion of the session. I need not make mention of measures that already appear on the order paper. They should however be kept in mind in reviewing the legislation that remains to be dealt with.

In the *Votes and Proceedings* of yesterday hon. members will see a notice of a resolution for the approval of the international wheat agreement. That resolution will appear on tomorrow's order paper. The following measures, as hon. members are aware, are being considered by committees of the house: an act to provide for the investigation, conciliation and settlement of industrial disputes; an act to amend the Loan Companies Act; an act to amend the Dominion Elections Act, 1938; an act to amend the War Veterans' Allowance Act, 1946; an act to amend the Veterans' Insurance

Act; an act to amend the Veterans' Rehabilitation Act. An act to amend the Yukon Placer Mining Act, and an act to amend the Yukon Quartz Mining Act are before a committee of the Senate. There will of course be the bills which arise out of the budget resolutions, and which include the following: a bill to amend the Income War Tax Act; a bill to amend the Dominion Succession Duty Act; a bill to amend the Excise Tax Act; a bill to amend the Excise Act; a bill to amend the customs tariff.

Other measures to be introduced will include: a bill respecting Canadian National Railways financing and guarantee; re-introduction of the Income Tax Act; a bill to amend the Criminal Code; a bill to amend the Judges Act; a bill to amend the Lord's Day Act; a bill to amend the Government Annuities Act; a resolution and bill to amend the Yukon Act; a resolution and bill respecting the Northwest Territories commission; a bill to amend the Land Titles Act; a bill to amend the Manitoba Natural Resources Act; a bill to amend the Saskatchewan Natural Resources Act; a resolution and bill to amend the Diplomatic Service (Special) Superannuation Act; a bill to amend the Board of Transport Commissioners Act; bills respecting a tax convention between Canada and France and Canada and New Zealand; a bill to amend the National Battlefield Commission Act.

Mr. MACDONNELL (Muskoka-Ontario): All by June 30.

Mr. MACKENZIE KING: I think hon. members will find that most of these last-mentioned measures are relatively simple and non-controversial and may not occasion much in the way of discussion. I am not saying that the resolutions on the budget may not occasion debate. There are still a few more I should mention. These are possible measures. I do not say that they will be proceeded with, but perhaps it is just as well to take notice of them at once. Measures which may be introduced in the senate are: a bill to amend the Insurance Companies Act; a bill respecting the Quebec Savings Bank Act; a bill to amend the Bankruptcy Act.

Additional measures which may be introduced in this house are: a bill to amend the Exchequer Court Act; a bill to amend the Petition of Right Act; a bill to amend the Supreme Court Act; a bill to amend the Tariff Board Act; a bill to amend the Criminal Code (race meetings). I hope to introduce, and trust the house will receive its provisions favourably, a bill respecting the development of the national capital.

In addition to these measures there will be such legislation as may arise from reports of standing and select committees, in addition to specific bills which have already been referred to them and further supplementary estimates. As always it is necessary to see things from as many sides as possible in advance. I should add that from time to time, measures may come forward, or may have to be brought forward, which are not thought of at the moment. I have not in mind any other measures being introduced. I do not wish to say that something may not arise between now and June 30 which may necessitate some further measure or measures being introduced.

As hon. members have just remarked, there are still but five weeks in which to complete this program, if that is to be done by the end of June. I hope that we may be able, among the parties themselves, so to organize business as to ensure the attainment of that end.

Mr. G. R. PEARKES (Nanaimo): Arising out of the Prime Minister's statement, may I ask the Minister of National Defence whether the legislation which is forecast in the speech from the throne for the amalgamation of the army, navy and air force acts of Canada has been drafted?

Hon. BROOKE CLAXTON (Minister of National Defence): Yes, the legislation is ready, but, as the hon. member knows, it would amount to the amalgamation of some sixteen acts, which would run to over 300 sections, and it is felt that it would not be possible to dispose of it at this stage of the session without unduly prolonging the session. We can, we believe, get along under the existing legislation until next session.

WHEAT BOARD

QUESTION AS TO REFERENCE OF ANNUAL REPORT TO AGRICULTURE COMMITTEE

On the orders of the day:

Mr. P. E. WRIGHT (Melfort): I should like to direct a question to the Minister of Trade and Commerce or, in his absence, to his parliamentary assistant. When may we expect the annual report of the wheat board to be placed before the agriculture committee?

Mr. G. J. McILRAITH (Parliamentary Assistant to the Minister of Trade and Commerce): Mr. Speaker, I will take notice of the question and bring forward an answer.

WARTIME HOUSING

REPORT AS TO REMOVAL OF TRELLISES FROM HOUSES IN WRIGHTVILLE

On the orders of the day:

Mr. DONALD M. FLEMING (Eglinton): I should like to direct a question to the Minister of Reconstruction and Supply, arising out of a report appearing in last night's Ottawa *Journal*. Perhaps the parliamentary assistant will answer or take note of it. Will the government take steps to stop the removal of trellises, which is taking place at the present time, from houses built by Wartime Housing Limited in Wrightville?

Mr. G. J. McILRAITH (Parliamentary Assistant to the Minister of Reconstruction and Supply): I saw the story in the paper, but I do not know whether the trellises of wartime houses are being removed. I shall look into the matter and see what can be done.

SIR STAFFORD CRIPPS

INQUIRY AS TO PROBABLE VISIT TO CANADA

On the orders of the day:

Mr. H. W. TIMMINS (Parkdale): According to a report in the press last night, Sir Stafford Cripps is coming to Canada to confer with us respecting economic matters affecting Canada and the United Kingdom. I wonder whether the minister can tell us anything about it.

Hon. DOUGLAS ABBOTT (Minister of Finance): So far as I am aware, Sir Stafford Cripps is not coming to Canada in the immediate future. He may be doing so later on.

ISRAEL

QUESTION AS TO RECOGNITION BY CANADA

On the orders of the day:

Mr. H. R. ARGUE (Wood Mountain): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. In view of the widespread sympathy in Canada for the new state of Israel, is the minister in a position to tell the house whether or not the government will grant it recognition?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): The matter is still under consideration, and as soon as a decision is arrived at I will, as promised some days ago, communicate it to the house.

[Mr. McIlraith.]

FREIGHT RATES

APPLICATION OF INCREASES TO HUDSON BAY RAILWAY

On the orders of the day:

Mr. T. J. BENTLEY (Swift Current): May I ask the Minister of Transport whether the freight increases granted by the board of transport commissioners, in respect of all commodities to which it applies, will apply on the Hudson Bay railway?

Hon. LIONEL CHEVRIER (Minister of Transport): I went into that question fully when my estimates were being discussed, in answer to a question raised by the hon. member for Saskatoon City, and if the hon. gentleman will look at *Hansard* he will find a complete statement there.

Mr. BENTLEY: I did, but it was not as complete as it should be.

S.S. "ABEGWEIT"

INQUIRY AS TO STRUCTURAL CHANGES

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): Mr. Speaker, on May 12 I asked the Minister of Transport, as will be seen at page 3860 of *Hansard,* about structural changes in S.S. *Abegweit.* May I ask when I can have a reply.

Hon. LIONEL CHEVRIER (Minister of Transport): The structural changes to which my hon. friend refers have to do, I presume, with the planking of the space between the two rails on the *Abegweit.* That is a matter which is still under consideration, and I am not able to give my hon. friend a reply at this time.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, May 25, consideration of the motion of Hon. Douglas Abbott (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. Macdonnell (Muskoka-Ontario), and the amendment to the amendment of Mr. Coldwell.

Right Hon. J. L. ILSLEY (Minister of Justice): Mr. Speaker, during the last few months there have been a number of attacks in the house on action taken by the government in July 1946 in revaluing the Canadian dollar; and indeed certain policies proposed by members of the opposition would reverse

the step taken at that time, the main policy being a devaluation of the Canadian dollar to ninety cents. I feel I should make some reply to these attacks, and that is the main purpose of my intervention in this debate. However, I should like at the outset, before I come to that subject, to express a few views on the budget itself and to make some reference to certain statements that have been made by members of the various opposition parties about the budget, notably the statements made by the financial critic of the official opposition (Mr. Macdonnell) who spoke on Friday last.

The budget is in my judgment a sound and good budget. It is the kind of budget that does not provoke an immediately favourable reaction, but the kind of budget to which the reaction becomes progressively more favourable as the weeks and months go by and people realize the soundness of the principles upon which it is based.

Naturally the tax reductions have been welcomed, as tax reductions always are. They were wisely selected and will be beneficial. I have made a list of the ones I consider most important. Perhaps the most important was the removal of the tax on certain foods. The leader of the C.C.F. opposition (Mr. Coldwell), in commenting on that tax change, made this statement:

> True the minister has removed the tax from certain food items, and this may or may not be reflected in the family budget because we have no controls, but he should be severely criticized for not removing it from other commodities, particularly from clothing and construction materials needed in the building of houses. Here is one place where effective measures could be taken immediately to remove the high cost of construction. In New Zealand the sales tax was removed on building materials in September, 1946, and it was estimated that this action would result in the saving of £150 on the average size house costing £1,500, or a saving of ten per cent.

As I listened to the hon. gentleman, I was very much surprised, so much so that I wondered whether I was losing, not my judgment but my memory—because I thought I remembered; and I have since confirmed my recollection, that immediately after V-E day, which was on May 8, 1945, this government removed the sales tax on building materials. The order in council was passed on May 10, 1945, effective on May 14, 1945, removing the sales tax on all building materials. It crossed my mind that if hon. members in the C.C.F. opposition would familiarize themselves with events in Canada to the extent that they familiarize themselves with what takes place in New Zealand, they would not have forgotten an event which took place in this country nearly a year and a half before similar action was taken in New Zealand.

Another important change in the taxes was the removal of the duties on cotton and rayon piece goods coming from Great Britain, up to June 30, 1949. It is an important and dramatic change in policy on the part of the government, but one which, so far as I know, has not been adversely criticized, and will be extremely beneficial from several points of view—first, it is expected, in providing price relief, and particularly in increasing our imports from the United Kingdom and redressing the unsatisfactory trade balance situation which exists as between Great Britain and Canada.

The third tax change to which I should like to refer is the removal of the excise tax from certain articles not properly classed with jewelry items, which is an important reduction.

The fourth is the additional income tax exemption to those over sixty-five, which has I think met with general approbation.

The fifth is the change in the succession duty exemptions, by which estates of under $50,000 in value are to be exempt from dominion succession duties. I must say it was a great surprise to me that that removal would affect nine out of ten of the estates and would entail a loss to the treasury of only $5,000,000. If these are the facts, and we are assured by the Minister of Finance that they are the facts, that was a wise and proper move to make.

After these tax concessions to which I have referred, the Minister of Finance is budgeting for a surplus of just under $500 million, and there are many who worry about the size of our surpluses. I must say that in this debate no clear-cut position has been taken by the opposition with regard to surplus budgeting. The financial critic of the official opposition merely said he believed that in times like these we should have a surplus, but this was too big a one. Other members on the opposition benches have taken that position. A severe position to take would be that which the hon. member for Eglinton (Mr. Fleming) almost took the other night, namely, that we should calculate exactly each year what the expenditures will be, and not take, as he says, any more money out of the pockets of the people than enough to make those expenditures—on the ground that anything else is plunder or robbery, to use those remarkable phrases which he is so fond of using in this house. He went on to say in another part of his speech—which could be made useful, I suppose, in a different environment—that it was all right to have a surplus, but that the surpluses we are budgeting for are too large.

Mr. FLEMING: Hear, hear.

Mr. ILSLEY: Yes—"hear, hear." I think that the mentality of the members of the opposition generally is all wrong in this matter of surpluses. In the United States of America there is a tradition with regard to surpluses which is different from ours. The belief there is that it is the duty of the government, not only in especially good times but in normal times, to effect a reduction of the national debt as rapidly as possible. From what I read in the weekly and monthly publications of the United States, I understand that pressure is put on the leaders by the membership of the house of representatives to make sure that all outgoings—not only current outgoings but loans and so on—are met out of operating revenues, and also that provision is made for progressive and rapid reduction in the national debt. That is done on a sound instinct; it is done on the instinct that guides prudent and successful people in their ordinary business enterprises.

Mr. MACDONNELL (Muskoka-Ontario): Mr. Speaker—

Mr. ILSLEY: I would ask my hon. friend just to wait; I shall have a hard enough time, probably, before I get through.

Mr. ROSS (Souris): We are with you on that.

Mr. ILSLEY: I do not want to have too many interruptions. But that is the tradition in the United States of America. I think we should attach more importance to that here. If we could have substantial surpluses over the next few years and reduce the national debt, it would make a great difference. Suppose we were able to reduce the debt by two and a half billion dollars. That would result in an interest saving of just under $70,000,000 a year, which would make it far easier for governments to meet the legitimate needs of the people. It is a crippling thing, and a defeatist attitude, to think that you must go on piling debts higher and higher on the ground that taxation of the people is plunder. The money, it must be understood, is not taken and divided among the cabinet ministers. The money is taken and applied to the reduction of the debt owed by the people of the country. From the standpoint of the man in the street, the ordinary people of the country, I think the policy of debt reduction, certainly in times like these, is a right policy.

The hon. member for Brandon (Mr. Matthews), who is a shrewd and experienced member of this house, the other night said this, as reported at page 4324 of *Hansard*:

> I have no hesitation in saying that the minister has a sound idea in reducing our indebtedness each year to the largest possible degree now, when times are good. You may call it cyclical budgeting, if you wish, but I call it plain common sense.

[Mr. Fleming.]

And plain common sense it is. Of course there is another important reason why extensive reductions in taxation should not take place at the present time.

Mr. JACKMAN: What about the individual? Surely the same reasoning applies.

Mr. ILSLEY: Yes.

Mr. JACKMAN: Why do you not do something?

Mr. ILSLEY: Let me quote from the budget speech as reported at page 4063 of *Hansard*:

> What we do will affect the fortunes of our citizens and their cost of living. If we diverted our prospective surplus into a reduction of taxes now, it would add hundreds of millions of dollars a year to the already intense demands of Canadians for goods and services—but it would add nothing to the volume of Canadian goods and services available for sale. People would try to buy more, but there would not be more to buy, unless the effort to get it resulted in more imports that we cannot afford and which we would have to shut out somehow or other. Prices would be sure to rise. Some people would profit, but others would lose out to the higher cost of living. The apparent benefits of tax reduction would prove to be a mirage except to those strong or fortunate groups which can profit more than they suffer by higher prices.

And later on:

> Now is the time to lay the foundation for employment budgets in future, while fighting inflation at present.

I would commend that sentence to the judgment and consideration of the members of this house.

There is another consideration that I think ought to be placed before the house. Our income tax level now, on the average, is lower than that of the United States of America. The United States of America is taking dramatic steps for assistance in European recovery. If we in this country had a stock of United States exchange, I presume that we would be doing what we have done consistently in the past—that is, we would doubtless be assisting by the extension of credits for European recovery, because we have such a heavy stake in European recovery. But we cannot do that, or we cannot do it to any appreciable extent, because of our exchange position. On the other hand, we shall be supplying goods. Undoubtedly there will be large offshore purchases, as they are called, from Canada under the European recovery plan being administered by the United States of America. But it would be undesirable, I feel sure, having in

mind public opinion in the United States, to have a situation arise such as this: that the people of the United States should be keeping their taxes up to the high levels they have now attained, and that Canada, not contributing toward European recovery by way of credits, should seize the opportunity to push her taxes down and cash in on the situation in such a way that we would inevitably be severely criticized and penalized by others.

I come now to the main part of the speech that I rose to make. I listened with great interest to the hon. member for Muskoka-Ontario (Mr. Macdonnell) on Friday evening. He said two or three things in his speech that I want to use more or less as a text. They are good principles. He said that what we needed—I am not quoting him verbatim, but just giving the effect of his words—in considering these matters is realism, clear thinking, and intellectual honesty. I want to apply those tests to some of the criticisms that have been made of the government's financial policy, and to some of the positions that have been taken by the opposition.

To begin with, I submit that if the hon. gentleman had applied those tests to one instance he gave, he would not have given it. On Friday afternoon he told the house that the taxation on the average Canadian family of five was something over $1,300, and he arrived at that figure by taking the per capita taxation in Canada and multiplying it by five. That is one place where the multiplication table just does not apply. A family of five usually includes two or three young children; and to take the average per capita taxation, all the money raised from the rich and the poor, from corporations and from individuals, and get a per capita amount and then say the average family of five is paying five times as much as the average individual in Canada, is a gross fallacy and should not have been used by an hon. member ordinarily as careful as the financial critic of the opposition.

The budget speech strikes me as having those qualities outlined by the hon. gentleman—of realism, clearness of thought, intellectual honesty and recognition of the facts; and I want to congratulate the Minister of Finance (Mr. Abbott) not only on recognizing those facts but on his devotion to duty in acting accordingly. He knew he would run into a barrage of unreasonable, demagogic opposition criticism, but he did what he knew he ought to do. He defended his decision in a budget speech of unanswerable logic. His course of action will be approved by large numbers of Canadians today, but, more important still, it will be approved by all Canadians in the years to come.

As I said at the outset, the statement has been made that our action in restoring the Canadian dollar to par in terms of United States dollars on July 5, 1946, was the sole cause, or at least the chief cause, of our loss of United States dollars in 1947, and was thus indirectly the reason for the restrictions introduced last fall. Some of those who take that position work themselves up to a high pitch of assurance indeed. For instance, the other evening the hon. member for Eglinton said:

> We have had a sample of it in this country since the great blunder—
>
> Everything is either "plunder" or "blunder".
>
> —the great blunder in the middle of 1946 and the constant flight of United States dollars from Canada ever since, a flight and a policy which almost brought this country to economic ruin in 1947.

Well, the responsible critics do not go that far, but some of them do say this was one of the greatest mistakes in our financial history. I should like to reply to this charge, because I regard it as entirely unfounded.

Let us recall the situation. The revaluation of our dollar was part of our policy of price control. On July 5, 1946, I recommended that four steps be taken: first, that the price ceiling be changed from a general to a specific basis; second, that subsidies be continued where needed to continue price control; third, that price ceilings on imports be set not on a fixed price but on an imported cost plus a limited mark-up basis; and fourth, that the Canadian dollar be raised to par with the United States dollar.

Four days earlier, on July 1, 1946, price control in the United States had lapsed or collapsed; it had ended, and the step here in Canada was taken having in mind that fact among others. We took the step we did for several reasons. First, we knew that sooner or later there would be an inevitable adjustment of our prices to United States prices. We could not see any reason why, by keeping our dollar ten per cent below the United States dollar, we should inflict upon our people permanently a cost level and price level ten per cent higher than that of the United States. In the second place, we were making heavy loans to Great Britain, and the revaluation of our dollar would encourage imports from Great Britain and reduce the necessity of credits. Third, our whole policy of price control was gradual decontrol, not sudden decontrol as in the United States; and if price control was to be retained and eased off by

stages, as was done subsequently and I am sure wisely done, a step of this kind would be of great assistance.

Few policies of a Canadian government ever received such general acceptance. The opposition took no exception to that policy. There was some suggestion that we should have done it in two stages instead of one; that is, five per cent then and later another five per cent, but we replied to those criticisms at the time. The opposition took no exception to bringing our dollar back to par. To listen to them here one would think they had opposed the step. They did nothing of the kind, nor did the public at large. One has only to look at the newspaper headlines of the day to see the widespread approval that was given. It was not until much later that any volume of criticism developed. This was based on hindsight, not on foresight; but as I shall now show, it is not valid criticism even now. The hindsight on which it is based makes a false appraisal of causes and effects.

The first statement made is that the step we took unduly encouraged imports from the United States and discouraged exports to that country. First I shall deal with the imports. There is no doubt that there has been a large increase in the volume of imports from the United States, though apparently the peak has been passed. The financial critic of the opposition stopped at February; he did not go on to March, and of course he had not the figures for April. When we recall that this increase in the volume of imports from the United States has taken place in the face of a forty per cent increase in United States prices, surely it is unreasonable to think another ten per cent would have made any difference, or certainly much of a difference. One of the main reasons why Canadian importers were bringing in so much from the United States was that prices were going up in the United States, and they thought the time to buy was before prices went up further. But there were other reasons. Half our two billion dollars' worth of imports from the United States are essentials we have to import, regardless of the exchange rate. Imports of such commodities as coal, steel, cotton and manufacturing components come in anyway—when production is at a high level in Canada. The volume of these imports rises when our production rises and falls when our production falls, regardless of the exchange rate. The cost of such imports is only a part, and often a small part, of the cost of production or the cost of capital expansion; and a mere ten per cent on the price of such imports would have no effect whatever on their volume.

[Mr. Ilsley.]

It has been estimated that not more than twenty-five per cent of Canada's imports from the United States are consumer goods. Here the volume of imports would be more sensitive to price; but even in this field the purchasing power of the Canadian consumer has been so great during this period that in all probability the revaluation of the dollar has had no appreciable effect on volume. But while the volume of imports from the United States was affected, if at all, only to a negligible extent by the revaluation, the importation from overseas was much more sensitive. Prices of European goods were very high by Canadian standards, and many of them were consumer goods that could hardly be classed as essentials. The demand for these goods is very responsive to price changes. Whatever was the proper policy with reference to imports from the United States, there can be no doubt about one thing: we want to encourage importations from overseas countries, and the revaluation of the dollar worked in that direction.

Some irresponsible statements have been made about the extent to which the imports were increased by the revaluation. I am glad however to note that the financial critic of the opposition has ceased emphasizing this feature of the revaluation—he did in his speech last Friday at any rate—and seems to be concentrating entirely upon its effect on the import of capital, about which I shall speak in a few moments.

I come now to our exports. So far as I can ascertain, the revaluation has had no effect in diminishing our exports. One can imagine conditions when depreciation of our dollar would encourage exports by giving us a better competitive position in foreign markets. But in conditions of today, with our costs of production such as they are and our exchange rate at its present level, our exporters are able to sell on a competitive basis in any of the markets of the world. So here the argument against revaluation falls down completely.

Even in the tourist industry, which is economically a species of export, there is no evidence at all that the revaluation has diminished the flow of tourists to this country or that a devaluation would increase it. The cost of vacations in Canada is, in all probability, lower than the cost of vacations in the United States; tourists from the United States obtain many of their dollars from the unofficial market anyway; they are quite free to obtain Canadian funds from the unofficial market, and there is nothing in the figures to indicate

that the revaluation effected any slowing down of tourist movements into this country.

The only export industry upon which the revaluation admittedly had some effect was the gold mining industry. It was recognized from the start that this industry, by its very nature an anticyclical industry, would be adversely affected to some extent, and compensatory measures have accordingly been adopted. A careful, well-reasoned estimate made by a writer in Toronto *Saturday Night* placed the probable increase in exports of gold to the United States under a ninety-cent Canadian dollar over the exports of gold under a hundred-cent Canadian dollar at not more than $15,000,000 a year. But there were other export industries which used the revaluation as the occasion for increasing their prices. This is the reason I said there was no ascertainable net effect in diminishing or discouraging exports from Canada to the United States or to other hard currency countries.

I understand that Premier Drew placed the figure I have just given as $15,000,000 at $100 million a year, but without any facts whatever to support his figure, which, in my judgment, is a completely wild one. Taking the imports and exports together, therefore, everything indicates that the revaluation had nothing but a negligible effect on our balance of payments with the United States on current operations—that is, when we consider exports and imports together, the whole situation.

Now, let us look at the effect it had on capital movements. It is on this point that the financial critic of the opposition speaks with immense assurance. This is what he said in his speech last Friday at pages 4244 and 4245:

> The second result was the measure taken then to cut off American investment, practically like turning a tap. It has been a natural and, I submit, inevitable and useful part of the economic structure of the country from the outset that we should have American investment, and free American investment . . . That was cut off . . . It does seem an irony. In the first six months of 1946 nature was beginning to take its course. We were receiving American investments at the rate of $25,000,000 a month, which was very useful, and then we cut them off . . . American investments in this country are out of balance, as I said a moment ago. They are natural to us, and we cannot go on importing as we are now unless the Americans will again invest.

Let us look at the kind of investment that was being made by Americans in Canada prior to revaluation. Most of it was the speculative purchase of Canadian securities—many of them government securities. Americans were buying these securities believing that our dollar was valued too low and that it would inevitably have to be revalued. The investment was the purchase of existing securities—securities either of governments or of existing enterprises; and most of it was a purchase for speculative reasons. This is not the kind of investment that we really welcome. Indeed, for years I used to worry when I learned of increasing speculative American purchases of our securities. I realized that we were simply running into debt to a foreign country, placing a mortgage, as it were, upon our own resources to residents of the United States—a mortgage that was sure to be called at some uncertain and unfavourable time when the holders of the securities decided to sell them.

To hear the financial critic of the opposition one would think that the kind of investment that the revaluation discouraged was the investment of risk capital, the kind of capital that develops new enterprises, the kind of investment which we welcome. But this was not for the most part the kind of investment that was being made, nor was there anything in the revaluation to discourage that beneficial type of investment. Investors of risk capital have been able throughout to obtain Canadian dollars in the unofficial market, indeed for most of the period at around 90, the very price to which we are told we should reduce our dollar.

If anyone were to ask my personal opinion as to why risk capital did not come in last year, I would say it was because of the repeated rumours that have been circulated that the Canadian dollar was to be devalued to 90 cents, or lower if necessary, a course which has been advocated in the house by members of the official opposition. It is not that kind of prospect, but exchange stability, that investors of risk capital have been seeking; and I am glad to say that we have begun in recent months to see confidence returning in our exchange and an increasing volume of risk capital being invested in this country.

When the financial critic says that we could go on importing if we could go on borrowing American money, this is true. But to go on basing our imports on great and ever greater borrowing from abroad would not be a desirable development.

Mr. MACDONNELL (Muskoka-Ontario): What about investments?

Mr. ILSLEY: To employ a term used by the financial critic, it would be living off our fat and doing so with a vengeance—

Mr. MACDONNELL (Muskoka-Ontario): Not if it were investments.

Mr. ILSLEY: —and paving the way for serious trouble in the future. Even if it were

desirable, devaluation now would not cause the 1945-46 type of investment to be resumed, because the expectation of another appreciation of our dollar would be absent.

Then it is said there should be some devaluation. The opposition has been confused in its advocacy of devaluation. There has been a tendency on the part of some members, notably the hon. member for Rosedale (Mr. Jackman), to talk as if the Canadian dollar should be free, should be allowed to find its own level; but this view is not general, and for very good reasons. The financial critic has never been bold enough to go this far. He has been selecting 90 cents as the proper level. Why 90 cents rather than 95, or 85 or 80, nobody knows; but 90 cents it is, so far as he is concerned. I am glad to note, however, that in his speech on the budget he has not resumed his advocacy of a depreciation to 90 cents. I do not know whether there is some opposition policy other than the one he has just stated. Indeed he did not in his speech advocate any depreciation. However, the last opposition policy to be stated in the house is devaluation to 90 cents.

Now, everything I have said indicates that a devaluation to 90 cents would have no significant effect so far as curtailment of the volume of American imports is concerned, no significant effect on increase in the volume of Canadian exports, and no effect whatever on increase in the volume of desirable American investments in Canada. Its only certain effect would be an unfortunate increase in the Canadian price level, and an almost certain reduction in imports from the United Kingdom and other overseas countries. Surely such a policy has nothing to commend it.

It is also said that the true value of our dollar is indicated by the value of Canadian dollars in the unofficial markets in the United States. Nothing could be more fallacious than this allegation. The unofficial market in the United States is in no real sense a market in Canadian dollars.

Mr. MACDONNELL (Muskoka-Ontario): How can the minister say that? He has just referred to investments through the unofficial market.

Mr. ILSLEY: But it is not an indication of the true value of the Canadian dollar.

Some hon. MEMBERS: Oh, oh.

Mr. ILSLEY: If hon. gentlemen will please hold their peace I will tell them in a moment. It is merely a market in limited-use Canadian dollars. The Canadian dollars that are sold in the unofficial market in the United States can be used only for a severely limited number of purposes. They can be used by tourists in Canada; they can be used for capital investment in Canada, but they cannot be used for the great bulk of ordinary commercial transactions, such as payment for goods and services, freight charges, interest on dividends, or to settle any other current payments owing to Canadians. The official rate is rising at the present time. The resoluteness with which we are setting our exchange position in order is creating a growing demand in the unofficial market in the United States for these limited-use Canadian dollars, but that market is no indication of the true value of the Canadian dollar and no guide whatever to what the natural or proper rate ought to be.

The financial critic of the opposition said last Friday, as reported at page 4246 of *Hansard*:

> To me a convincing argument and one that outweighs all others is the appeal to realism. When you find things happening between people who are trading with each other freely, that comes as close to realism as you can get. To me it is not real for us here in Canada to sit in an ivory tower saying our dollar is worth one hundred American cents when actually it is being traded in the United States at between 92 and 93 cents. We too much resemble King Canute.

When the hon. gentleman says this he is violating the principles which he laid down in his own speech—those of clear thinking and realism. He is using an argument which is specious; he is spreading a fallacy; he is misleading the public.

It is said that had we not taken this step there would have been no need for the November restrictions.

If what I have said is correct, it will be seen that the restrictions would have been necessary whether or not we had taken the step of July 5, 1946. The perpetuation of a cheap Canadian dollar would not have stopped our loss of exchange to the United States, probably not to any extent at all, and certainly not more than to a very minor extent. The proper policy to restore our exchange position was a policy which, while not discriminatory, was discriminating—that is, inviting and encouraging the imports we wanted, and excluding the imports we did not want; a policy which accomplishes the ends really desired, not many other ends which are thoroughly undesirable, such as raising the Canadian price level, discouraging imports from the United Kingdom, and the others I have mentioned.

It was said by the member for Muskoka-Ontario, quite inexcusably, that since the adoption of the present restrictions our present position in United States dollars shows little or no improvement over the low point of last

December. His authority for this statement is, he says, the Ottawa correspondent of *Maclean's* magazine, whose bald statement he takes in preference to the figures given by the Minister of Finance in his budget speech. When Canadians realize that our holdings of hard currency exchange sank rapidly and steadily all through 1947 to a low of $461 million on December 16 last, and that by the end of April, 1948, they have climbed again to $588 million, apart altogether from what we have borrowed from the Export-Import bank, they will see not only that the downward trend has been arrested, but that an upward trend has been substituted for it and that our position is righting itself. How, then, can he say that the policy of November 1947 has failed? We have every reason to be gratified by the results of that policy.

I believe, for the reasons I have given, that our revaluation policy was sound at the time we adopted it, and that it continues to be sound today.

Mr. MACDONNELL (Muskoka-Ontario): Mr. Speaker, perhaps the minister will allow me to ask one question. I do not like to be accused of inaccuracy. I try not to be inaccurate. It is quite true that I did give as an authority *Maclean's* magazine; nevertheless I thought I had independent evidence also. I believe it is a fact that no less a person than the governor of the Bank of Canada pointed out that while for the moment there is apparently a rise—

An hon. MEMBER: What is the question?

Mr. SPEAKER: I would suggest that the hon. member ask his question.

Mr. MACDONNELL (Muskoka-Ontario): I am asking whether the minister is aware that the governor of the Bank of Canada, in giving evidence before the senate committee, pointed out that while for the moment there is a rise, there are heavy payments that will come, and that the rise pointed out for the moment is to a considerable extent misleading.

Mr. ILSLEY: My hon. friend should have waited until he had the facts before he made the kind of speech he made last Friday.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I have always had a great respect for the present Minister of Finance (Mr. Abbott); I have admired his urbanity and the way in which he has treated members who are not on his side of the house. I wish to point out one or two things concerning the policy of the government and the brain trust back of the government, although I wish it to be understood that I am not criticizing officials, because, after all is said and done, matters of policy in the end are decided by the government itself.

Hon. gentlemen opposite were very largely to blame for the scuttling of the British empire by the policy they adopted at Bretton Woods, followed by the United States loan agreement, which have proved most disastrous to the cause of the empire and of Great Britain.

We also know what happened at the Geneva trade conference in February last year. For eight months we could get no information about what was going on at Geneva in the making of trade pacts over the head of the House of Commons while parliament was in session. Then in October or November our delegates came back and the government inaugurated their austerity program, which pretty nearly wrecked this country and the empire. Parliament was called for December 5.

I wish to refer to some government policies which are most unfair to Ontario and Quebec, which are paying over seventy per cent of the cash taxes of this country. The government took away their sources of revenue, and that, as well as the heavy burden of taxation from which we are suffering, has caused a great deal of unrest.

I wish we had the municipal system in vogue in this parliament. Our system of responsible government, which in my opinion, is not responsible government at all, is one hundred and fifty years old. If we had the more modern municipal system the estimates could be considered by the minister, the chief officials and certain members from all parties in the house, who could strike off certain expenditures. There is no reason why this country, years after the close of the war, should be spending money like water over the head of parliament. We have been too extravagant. Economy is not wanted. Parliament never hears of the expenditures until it conducts a post mortem on the estimates and after interim supply has been granted for nearly nine months. This parliament knows practically nothing of the action taken.

The budget address is probably the last time that a private member has a chance to say anything about world conditions and what is going on in this country. I contend that if we had the municipal system it would give the committee the right to revise proposed expenditures, because the present policies of the government are very largely wrong. We need some system of checks and balances in relation to expenditures. If the municipalities used the system we use in this house they

would all go bankrupt, but they are bound by the Municipal Act. The Municipal Act does not give them power to spend money like water as the government of the day is doing. Sections of the Municipal Act provide that none of these charges can be made except on a year-to-year basis, and in certain cases money bylaws for capital expenditure have to be voted on by the people.

If the government are sincere about the present budget they should hold an election. I believe that the election has been delayed for some time to come. I say that this budget was very largely made at Washington. We have those periodical excursions all over the seven seas. Our ambassadors and financiers are making these excursions. Donald Gordon has recently been issuing statements across the border. Then we have those conferences all over the world. For a month now we have had green grass and flowers, and the birds have been congregating and chattering. So do we in conferences; the same applies to our delegates and financiers and all the rest of them. They are on the seven seas. We are now having conferences. We are a nation of conferences. One mistake we made was in surrendering to Washington too much political, military, economic, financial and social initiative. This is nothing but a Washington-made budget over the head of parliament, following out what was done at Geneva away back in February 1947.

If we look closely at the budget we shall see that it is nothing but window-dressing, preparing for an election. What has become of the old Liberal doctrine of the people ruling in the country? The people do not rule. Now we have a family compact. Who controls the family compact? The brain trusts and the officials who give this advice. As I said the other day, there is an old Scotch proverb which says, when you go away up in the clouds be sure you keep one foot on the ground. We have no such thing as that here. It was referred to by me the other day on the amendment of the minister to abolish the penny bank.

There is no such thing as thrift in this country today. The government do not appreciate thrift because they bring in these astronomical figures running into billions and billions of dollars. In the civil estimates they are spending nearly $2 billion; whereas in 1896 the Tupper government spent $36,000,000, and the population has gone up only one-fourth since. Before the war the government spent $400 million on civil estimates; today it is up to $2 billion, without any control over the expenditures; so much so that interim supply is passed for about nine months of the year, and over the head of parliament, and we cannot strike off one dollar. I am opposed to this principle. What has become of the principle of government by the people, of the people and for the people? It does not exist in Canada today. The executive rule the land from coast to coast. They bring in a budget and the whole House of Commons has to swallow it. You cannot strike off a dollar. If you do, the government is defeated and must resign.

If we had the municipal system here we would be able to strike off from one-third to one-half the present cost of civil government in Canada, and give the people back home in the constituencies a chance. Mr. Fielding and Sir Wilfrid Laurier said that the sales tax should never go above a maximum of four per cent. It went to six, then to eight. They did cut it to four on food; it should come down to two. The reduction should apply not only to food, but to clothing and all the necessities of life.

If the budget is what the minister, the financiers and the government say it is, then the government should hold an election on it. If it is a popular budget, the government should go to the country on it. It should be decided by the electors. Why is the government afraid to hold an election in Canada and get the verdict of the people on it? I tell the house that it is a blessing that Ontario and Quebec did not adopt the Sirois report. It is the most mischievous report I have ever read. It is taxation without representation. We pass interim supply without any information. This system of taking such huge sums of money, nearly a billion dollars above what we need in 1948, is wrong. We are taking too much money out of the pockets of the taxpayers.

The minister says that such a policy will save us from inflation. Have hon. members ever heard of such a ridiculous doctrine? I do not know where it was invented. I can tell you that this system of taking all that money out of the workingman's pocket and using it for the purposes indicated, more than the minister needs, is against the principle of the Municipal Act, which requires expenditures to run only from year to year. By this system we are creating inflation. This system of budgeting amounts to putting your hands in the workingman's pockets until there is nothing left, particularly when we remember that taxation is very high, and the high cost of living is added on to it. Not enough has been charged to capital. Too much has been charged to pay-as-you-go.

This generation is suffering in flesh and blood. Why should the sins of the whole human race be carried by this generation of people in Canada? A large part of the present budget should be charged to capital and not to income, because there is no income to justify it. There is no retrenchment, and no attempt at reduction of taxation. It makes the poor people back in the constituencies wonder what the House of Commons is for. The executive over our heads can pass a budget like this, and nine months of supply, without any real discussion at all of any of the individual items of the estimates. We find no retrenchment at all, but sky-high extravagance in every department of the public service.

No attempt is made to reduce taxation. The reduction of taxation is held in contempt by the various departments. You have only to look at the estimates to find that out. The poor working classes had hoped that at this session they would receive a reduction in the high income tax. The hon. member for Muskoka-Ontario (Mr. Macdonnell) the other day referred to the working classes and the small income tax payer. A reduction in these high taxes is badly needed by this class of people. In Britain they have reduced the income tax. In that country two million people do not now pay income taxes at all. The minister in his budget made a comparison with taxes in the United States and Britain, and published two tables. His comparison was most unfair, because there are many differences. As a result of the policies which hon. gentlemen opposite have put into effect, a person today, if he wishes to exist at all, has to utilize what little saving he has put by or any little money investment he may have.

Last year the house had not much opportunity to discuss the main or supplementary estimates. As I pointed out when we voted interim supply last month, while it is true that the minister must have money to run the services of the country, businessmen, retail merchants and others have been looking for retrenchment in government expenditures. Practically all we are doing now in committee of supply is holding a post mortem after the money is spent. That is no way to conduct the business of the country.

The government are spending money like water. I can see no sign of retrenchment in the main estimates or in the supplementaries. We are being asked to vote large sums of money for bonuses, subventions and subsidies for the prairie provinces, and the other provinces do not get anything. There are many items here for interim supply, one for $80 million, another for $17 million, and so on. These expenditures, under this method of conducting the business of the country, really mean expenditures and taxation without representation. The house is abdicating its functions to the executive. It is a dangerous principle. Expenditures for civil government in the days of Sir Wilfrid Laurier amounted in 1897 to $36 million, and the population of the country has increased by only one-third or one-quarter since; but the civil estimates are now nearly two billions.

There should be some better way of conducting public business. The municipalities would be bankrupt if they did business in this way. The auditor general should have wider powers to deal with some of these expenditures. The Minister of Finance may take this humorously, but it is no laughing matter for the working classes I represent. Government extravagance and lack of retrenchment, added to the high cost of living, are becoming scandalous, and the public will not stand for it. We should have some redress of grievances before the executive spend money in this way by interim supply.

I have referred to the sales tax. Who pays the income tax? Taxation, so far as the industrial workers are concerned, is levied at the source? But what about the rest of the community? I am not here to criticize any particular class, and I do not mind saying that I have a great admiration for the farmers; but according to the figures supplied by the dominion bureau of statistics, for the last year of record, there were 705,973 farms in the country and only a small percentage of the farmers filed any income tax returns. The total cash income of farmers, reported by the bureau of statistics, in 1946 was $1,769,632,000, and it went over the two billion dollar mark last year. The bureau explains that farm cash income does not include income accruing to farmers from outside sources, nor does it include the value of products consumed in the farm home.

Who are the people who are prosecuted in our courts for offences in connection with income tax? I can find no farmers being prosecuted for violations of the act. And so far as the other offences are concerned, in connection with controls, for example, the people who are prosecuted are those who live in the cities. One druggist in the city of Montreal was fined only five dollars for giving out as an aid to his business pounds of butter. There should be some uniform, reciprocal system about prosecutions for all, not for some. I have always maintained that the principle of confederation for us to observe should be "each for all and all for each", because I do not believe in having legislation that does not apply to all classes

of citizens. Prosecution should be impartial, and not just for industrial workers; but this is not so.

The official opposition in this house have been urging economy in government, but without any success. Take the main estimates for this year and you will find they are sky-high in every department of the public service. People have no idea where the money will come from. The opposition have done their duty by trying to point out where economies could be effected, but the government goes on spending freely.

One matter to which I would call the attention of the house is the practice of non-residents of coming into Ontario and taking part in provincial elections. Outsiders from other provinces are coming in, visiting provincial constituencies and making speeches. I have never taken part in any election held in any other province, either in the maritimes, on the prairies or in British Columbia, but I find, in almost every newspaper I pick up, reports indicating that some of my hon. friends to the left have been going around Ontario addressing meetings. I am not questioning their right to do so, but I have always taken the view that it is not the right thing for anyone to go into another province and take part in provincial or municipal elections, unless he is a ratepayer there also.

I listened the other day to my hon. friend the member of Davenport (Mr. MacNicol), for whom I have a great deal of respect, discussing conditions in the maritime provinces, especially in connection with hydro-electric power. May I point out to hon. members that in the operation of our hydro-electric development in Ontario for cheap light and power we never receive one dollar by way of grant from the federal treasury. I object, therefore, to paying a third of the cost of steam plants or anything of that kind in other provinces.

What we need in Canada is a sound protectionist policy of bonuses, subventions and subsidies to solve the economic problems of each province. How has development been brought about in Ontario? The industrial development by the use of electrical equipment in Toronto, Brantford and other cities in the province has been the result of a policy of protection, and we have done a great deal under the British preferential agreements and the Ottawa agreements, requiring United States industrial institutions to have plants in Canada. But hon. gentlemen opposite, with one wave of the hand, by means of Bretton Woods, the American loan, and the notorious Geneva undertaking, have destroyed all the great preferential trade of empire.

Why can we not have preferential trade within the empire? This government, through its free trade policies, has made it difficult for Canadian industry to carry on. Take the agricultural implement industry. Through the protectionist policy, that industry was built up in Canada, giving work to thousands of our people. The Massey-Harris Company, for instance, provided employment for a great many of our fellow Canadians, but the policy of this government has endangered that industry. There would not be an industry left in Canada if the government had its way, and the industrial provinces will pay for it in the years to come. I do not believe in the free trade doctrine, with all this wave of internationalism.

In my opinion the maritime provinces are largely to blame for the condition in which they find themselves at the present time, under their free trade theories. They moved certain head offices to Montreal. With their rich resources and their supply of coal they could have developed industries, and they cannot now expect to rap at the door of the dominion and claim bonuses, subventions and subsidies toward their power development. I introduced a bill in 1923 for the establishment of a national fuel policy, and I received little support from the maritimes except from the late Senator Logan and the present Hon. Mr. Justice Carroll.

As regards immigration, I agree with the views put forward by the Canadian Legion in their meeting at Saskatoon yesterday when they called for more British immigration. We have now taken our fair share of the displaced persons, and something should be done immediately. Otherwise the cream of immigration will go from the British isles to Australia and New Zealand where they are welcomed. The governments there are welcoming large bodies of British people, our own kith and kin, who saved our shores in the last war, with only the aid of the dominions, and, two years later, with the help of our devoted allies to the south. Immigration from the British isles should receive more attention, and there should be mass immigration from there now as there is to Australia.

As I said recently, what are we going to do about Newfoundland when the election takes place on June 3? I dealt with this matter away back last year in connection with the Labrador bill. I believe that the doctrine should be taken up actively by Britain and by Canada, namely, that of lease-lend by which all the bases were given up from Newfoundland right down to British Guiana. That lease

should be cancelled now once and forever. It is a 99-year lease, practically a freehold. It was done to aid America in the battle of the Atlantic against invasion. That lease should be cancelled and should be charged up to lease-lend. Newfoundland will not be talked out of the empire any more than Canada will be. Newfoundland will have to be fought out of the empire.

I have never known a time equal to the last four years when, as Mr. Churchill says, more effort has been made to scuttle the empire and liquidate it. That effort has been made not only in India, but in the Suez, Egypt, Palestine, with the loss of the Mediterranean lifeline, and in many other parts of the world where that policy has been carried on. Britain will not sit down and be content to be a second-class power and allow dollar statesmanship to cripple her forever. She still rules the waves and "Britons never shall be slaves" as James Thomson, the great Scotch poet said, when he wrote "Rule Britannia" at the time of the Spanish Armada.

A retired United States admiral said recently that the United States has now taken Britain's place and rules the waves. That was not so at Pearl Harbor. I am against Britain being a second-class power, notwithstanding all that is said and done. I am opposed to any more scuttling of our empire. Many things looked impossible. The mother country kept world peace and security for centuries against dictators—against Philip of Spain, Louis XIV, Napoleon and twice in our own generation against the Kaiser and Hitler of Germany. Next to the Christian church no other agency has done as much for the freedom of the world and for liberty and civilization as the mother country has done on the seven seas. Did not the battle of Britain in the last war look impossible? Everything looked impossible including the battle of the Atlantic, as did the exploits of Drake, Raleigh, Nelson, Blake and others. The mother country, notwithstanding the terms of the Bretton Woods agreement and the hard terms of the United States loan, can live a few more months the hard way. We see the utter collapse of statesmanship in America and also in this Geneva dollar pact proposition.

As I said the other day regarding Canada, it has never had a foreign policy. The foreign policy of Canada is "We have no commitments; parliament will decide." Our foreign policy is to be linked up with the United States. I am a great admirer of the people of the United States, and of what they did. It was of the utmost importance. We should have the most friendly relations with them because, with Britain and the dominions, they are the hope of the world. There should be the most friendly relations between Britain, the dominions and the United States.

We are now making the same mistake again. We are trying by the UNO to appease Russia and are adopting an appeasement policy. She does not want it and she refuses it. The United States did not have a foreign policy until recently when they adopted the ERP, Mr. Marshall's program, which has not yet been put into effect to any great extent, although it is now getting beyond the blueprint stage. However I will say this. The policy which they are now pursuing is on again, off again and on again, and all that kind of thing. That country decides one thing about Palestine and marches up the hill today politically, then tomorrow marches down the hill for the sake of safety as a nation as it sees the partition difficulty. That is meant for local consumption in the coming election as well.

The committee on foreign affairs, which has been meeting recently, and whose appointment I opposed, is one of the most mischievous committees we ever had. One has just to read the papers of the last few days to find out what they are saying down there. They have government officials before them. What are the government officials doing? They are deciding the foreign policy of the government themselves in these matters, over the heads of the House of Commons, while we are in session. Did you ever hear of such functions in a committee on foreign affairs? They want more embassies on the seven seas. As I said the other night, if UNO at Lake Success were only to close down for a year, we might have some hope for peace. Our parliamentary association turned itself into a pan-American association. It forgets all about the empire and goes on thinking, as *Time* magazine said recently, that we are becoming, in an economic way, the 49th state in the union. As I said, the officials should not be laying down these foreign policies of their own volition over the head of parliament now in session.

Then there is the matter of extravagance of the various departments. For instance, let us take the Department of External Affairs. They have ambassadors and embassies on the seven seas, consuls and consuls-general. There are trade commissioners, but these are useful in obtaining trade. A big trade conference is opening next Saturday in Toronto. I hope the Minister of Trade and Commerce (Mr. Howe) and many members of the house will go there to see what can be done. Having all these officials overseas is useless duplication. The trade commissioners do fine work; but why

should we have carloads of these other ambassadors on the seven seas? Most of them are not ambassadors; they know nothing at all about diplomacy, except what they learn by experience. We have various ones going around the seven seas making speeches along these lines as well, and the empire is being scuttled accordingly.

I can say this about economy. It is talked of by all the ministers when they speak. The Minister of Finance has been comparing his budget with that of Britain and the United States. Economy is talked of by all the ministers, but that is only for us. Economy is the last thing the minister thinks of, because he has his experts, secretaries, first secretary, second secretary—they are copying the external affairs department—third secretary, fourth secretary, fifth secretary; and where do the public come in while all this is going on? This matter of economy is the last thing the ministers think of. It is not for them to practise. The public must save, or where would the money come from for ministers to spend? We have been told that over and over again. Where would the money come from for the ministers to spend if the people did not save?

The greatest wheeze, as a writer says, is the newly invented economic doctrine and theory, solemnly supported by a lot of honest deputies, no doubt, but who misjudged the situation. What they say is their policy is made by the brain-trusters and others. They are all good men, and some of them should know better than to swallow all this and make it a political budget instead of a financial and economic one, and make the public pay this vast taxation as a remedy against inflation. They say that for the Minister of Finance to collect several hundred million dollars more than he requires will, in some mysterious way, make for a sounder economy. But I cannot find that in any of the modern textbooks. The only way to get back to a sound economy would be for the minister to cut the coat according to the cloth and to stop the huge waste now going on on the seven seas. We can only do that if the minister takes a strong stand, and if we stop borrowing from foreign countries. My principle has always been to tell the people the truth, the whole truth and nothing but the truth, but that is not what is done in this budget. The government should not be afraid to tell the people they have made a mistake, and should never have a budget that legislates against human nature as this one does.

On April 6 the budget was brought down in the old country. The *National Review* says it was a political budget of Sir Stafford Cripps, containing little to hearten the people of the mother country in the face of the austerity now prevailing there. The keynotes are dependence upon America; that they must continue to lavish public money on socialist projects, and that this money must be obtained from the enterprising and thrifty. It is the old story of taking money in excessive amounts from those who have to pay the taxes. That budget contained some remissions, trifling in themselves but large in the aggregate to the less well to do, while the taxes on alcohol and tobacco were further increased. But in that budget there is a capital levy on incomes from investment. This is a political purchase tax, and it has established a precedent. The higher income groups will pay very heavily when this is added to the already heavy burdens they carry.

The socialists are blind to the damage being done their country. They think only of keeping power for their party and of putting good socialists into comfortable jobs. If these aspects were uppermost in the minds of the socialist government, however, it was otherwise with the general public. The orgy of extravagance, the lavish scale on which ministry officials live, says the *National Review,* the absence of thrift displayed by the government of Britain, all have appalled the electorate. They are asked to save. Why should they? What can be the use of saving when money is squandered in this way? Money and more money is to run out of the leaking government pool. It has to come out of the pockets of the people. That is what will be done here in Canada also, I am afraid. The government have taken the sales tax off some articles of food, which was a fine gesture, but they should have extended it to include clothing.

It is against this background that certain tax changes in the budget must be considered. We see these taxes in Britain, and over here we try to copy and imitate Britain in many ways. We see what happened at Geneva and all the rest of it. The present tax rate not only discourages saving; it incites people to spend whatever they have. With reference again to the special levy in Britain, this falls most heavily on the enterprising and the thrifty and at the same time spares others, while the tax relief granted does the same thing.

I say here, Mr. Speaker, that I am for an empire policy. I agree with Mr. Casey, the outstanding Australian statesman. I am in favour of an empire conference on trade, defence and migration. As Mr. Casey said on April 18, we need a great empire leader who will go through the empire with a flaming sword. The United Kingdom is blind to the bright pictures and happy prospects lying

latent in the dominions, particularly in South Africa and Australia. It is vital that she should decentralize her population throughout the British commonwealth. Until she ceases regarding herself as an isolated community and plans her economy accordingly the people of the United Kingdom have little hope of rising above their present drab austerity. Mr. Casey went on to say:

> There are in England men of character, experience and vigour who are virtually unemployed. The empire's talent is at present wrapped in a napkin. British citizens could have the sun, moon and stars if they stirred out of their lethargy.

Mr. DEPUTY SPEAKER: Order. I must inform the hon. gentleman that his time has expired.

Mr. CHURCH: I can conclude in just a moment. Mr. Casey went on to say that they could again take their place in the country of nations as a great power by the policy he names, and I believe that is so. I suggest that Britain should help the dominions before giving help to any of these mandated countries, where her efforts have not been appreciated. As Lieutenant-General Sir Alan Cunningham said, but for outside interference Britain would have brought the Palestine problem to a happy ending, and so she would if she had been left alone to do so and not have been interfered with by the UNO, and the way Washington and the UNO changed so often about it.

Mr. T. J. BENTLEY (Swift Current): Mr. Speaker, we have had quite an interesting debate on the budget. A week ago last evening the government rolled out their big gun and gave us quite a barrage. Then last Thursday the heavy artillery of the official opposition was brought up in the person of their financial critic. Since then we have had a series of smaller guns; then today the Liberals rolled out another big one and turned him loose on us.

I am not going to deal with many of the questions raised by those who have spoken previously, though after a while I am going to offer one particular criticism of the budget. Before doing so, I want to draw to the attention of the financial critic of the Progressive Conservative party some things he said to which I would not care to have to subscribe. Early in his remarks he dealt with the minister's predilection for the easy spending of the money under his control, and endeavoured to persuade the minister that he should reduce expenditures. He suggested that this could be done in several ways. I want to refer to two statements, the first appearing on page 4240 of *Hansard*, where the hon. gentleman said in part:

> I suggest to him, with every desire to be helpful, and I am sure he knows that that is always my wish, that there is only one way to economize, and that is to give people less money to spend.

I want to make it clear that at that time the hon. member was speaking of the money the minister made available to heads of departments. In justice to the hon. gentleman, I do not want it thought I am trying to show he was referring to the people of the country. Then, on the next page he went on to say:

> . . . that is, he should not argue with people over what they would like to spend; he should tell the departments what he is going to allow them.

That may sound like a quite unimportant statement, but if that is the position the hon. gentleman would assume if he were Minister of Finance I should say that is as close to a financial dictatorship of this country and of a duly elected parliament as anything could be. The suggestion is that the Minister of Finance should tell the head of another department, for instance the Minister of National Health and Welfare: "Here is the money you can have. To the extent that you can replace with better clothes the rags of some unfortunate Canadian citizens with this money, you may do so; but beyond that you may not go." That is the implication of a statement of that kind.

Mr. MACDONNELL (Muskoka-Ontario): Would the hon. gentleman permit a question? I am sure he does not want to be unfair.

Mr. BENTLEY: I do not.

Mr. MACDONNELL (Muskoka-Ontario): Does he not realize that I was suggesting purely a method? Of course I was not suggesting that the Minister of Finance would do it in any arbitrary or unthinking way, but that he would have his own means of arriving at what he thought was the proper amount. It was purely a matter of technique.

Mr. BENTLEY: That was not a question. However, the hon. member for Muskoka-Ontario has had an opportunity to clarify a statement that disturbed me a good deal. As I say, I should not like to see the Minister of Finance of this country have such powers.

Another thing the financial critic of the official opposition said was that the desire for security on the part of the Canadian people was stifling the spirit of adventure. He mentioned the fact that a poll taken among the people had indicated that about thirty-eight per cent of those questioned would like

to work for the government. It is assumed that the reason is that they want some security, and apparently this desire for security is deplored by the hon. member. I want to point out to him that it is all right to keep on telling us fairy tales about venture capital in this country. There was some venture capital. People who put their household goods and the other limited supplies they may have had upon their backs, in carts, or even in boxcars later on, and went out to invest all they had in a piece of land or in some type of small business in the far reaches of a new country, were investing venture capital, an investment of the human and financial resources they had.

But the financial interests of this country have not displayed any tendency in the last twenty-five or thirty years to risk their capital, and, may I say, even before that. In the early days of the manufacturing industry, when that industry was young in the country, and the country itself was young, those who invested capital in manufacturing in this dominion demanded and received protection. I am not arguing either for or against protection at the present time. It may have been necessary for the building of those industries. That is a debatable point. The fact remains, however, that they did not venture capital and take on all comers. They asked for and received protection for the capital they invested, and they have done very well by that protection.

I have been dealing with times of peace; but in a time of war it is people's lives that are ventured, not capital. The capitalist class we criticize here; those who have formed their combinations, their monopolies, are the ones we criticize. They demanded and received protection all the way through, during the war. It was the men and women who went out to the various front-line services in the air, on the sea or on the land, who ventured something; they ventured their lives. They ventured their lives in both wars, because propaganda agencies of the government, and their own consciences, prompted them to believe that if they did not venture their lives those lives might not be worth saving. If our military operations both of world war I and world war II had not been successful, and had we been defeated, our lives would not have been worth saving. We would have had no security of any kind from the type of government which would have run this country, had either of those wars ended with success for the enemy; and particularly is that true in respect of Hitler Germany.

[Mr. Bentley.]

So the people who went out and risked their lives did so with the hope that, if it were necessary for them to lose their lives, at least they would have provided some security for democracy and the type of living which we have built up in this country to some extent, to date, and which we hope to improve upon in the years to come. Certainly it is security that people want.

Capital has not been venturesome. In the war they demanded, and received, a considerable amount of assurance that they would not have their monetary position badly impaired because of their entry into the manufacturing of war materials. May I point out one further thing to the hon. member; and with the assurance that I am not saying these things in any bitterness of spirit. I am trying to convince as many people as I can who are listening to me, or who may read what I say, or give some thought to what I am saying, that the statements I make have behind them a sound basis. My experience in life, from observing what has gone on around me in the circle of people with whom I live, has convinced me of the soundness of what I am saying, and of the unsoundness of statements made by the hon. member in his speech.

Reading from page 4250 of *Hansard*, I find that the hon. member for Muskoka-Ontario made some statements with respect to how many can go to universities. He said:

> Every man who has ability.

Then the hon. member for Vancouver East (Mr. MacInnis) said, "No", and some other hon. members said "Yes". Then the hon. member for Muskoka-Ontario continued:

> This brings me to opportunity. We in this party nail opportunity to the mast. We seek to help people to help themselves and among other things to provide their own security on a contributory basis.

With the last statement there can be no great complaint, provided that the person who is to be asked to take care of his own security on a contributory basis has some means whereby he can do that. But again, let me remind the hon. member for Muskoka-Ontario and the house that the minister in his budget speech last year told us that half the population of Canada were below the income brackets for which income tax payments are required. Anyone living a single life in Canada and earning less than $750 a year is certainly not in a position to make much of a contribution toward his own future welfare. The same is true of a married person who earns only $1,500 a year.

In connection with educational opportunities, I heartily disagree with the statement of

the hon. member, because I know many people who are able and would have been willing to help themselves through universities, had they not had other obligations. I would remind the house that there are many citizens in Canada, growing young men and women, who have the ability, the courage and the energy, and who would like very much to put themselves through universities, if they could. Upon them, however, may be resting the necessity to provide for elderly parents, or for families, or for brothers and sisters, either partly or completely. We look around at many of the civil servants in Ottawa; we do not need to go outside this city for examples, although they may be found spread from Halifax to Vancouver. We shall find many men and women in the civil service in Ottawa who have had to spend long periods of time in caring for unfortunate parents. Had there been a provision for the parents, those young people might have been able to work their way through universities.

Had that been so, let me draw to the hon. member's attention the fact that there are not enough universities in the country to take care of all those people—if those who were willing to go had an opportunity to do so. Again I would point out that a great deal of public money goes into the building of universities. To that extent there is public support for those who graduate from the universities to take their places as citizens. I am not complaining about that.

Mr. MACDONNELL (Muskoka-Ontario): You do not object to that, do you?

Mr. BENTLEY: No. I am very glad that they have been helped to that extent; but I do say we should have that opportunity available to the fullest extent; so that all children who in primary and secondary schools have shown themselves capable and who wish to go ahead, should be able to do so, and should not be prevented because of failure of family finances to supply them with those things they require in order to continue their education.

The hon. member mentioned the matter of attempting to stir up class distinctions in this country, and thereby to bedevil the country. I can assure him that I agree in his dislike of those things. But again I wish to point out that we cannot expect Canadians, any more than other people, to be content forever with luxury on the hill, and mud shacks or slums, or whatever it may be, surrounding it. Wendell Willkie pointed that out in his book, and we can see it every day. My goodness, anyone who has worked among the people of this country must have seen the time when, through pure unfortunate circumstances, people have had to reduce themselves and their families to a meagre existence, not because of any fault they have committed in their work, or the industry in which they were engaged, but simply because of some circumstances over which they had absolutely no control. And when we pick intelligent and able people, and know they are willing to work, and when we suddenly find them reduced to a class of work which will not compensate them the way in which they should be compensated if they are to keep their families, we cannot blame them if at times they form themselves into class-conscious groups and become extremely angry about conditions in the country which has reduced them to that position. As I say, I am not trying to be discourteous to the hon. member. I simply want to draw these things to his attention, because I know from the very decency there is in him he will see the justice of what I am saying.

I should like to make one reference to what was said by the hon. member for Rosedale (Mr. Jackman), at page 4355 of *Hansard*. From his speech it was evident that the hon. member for Rosedale had only one criticism to direct against the government. His speech conveyed to me the idea that the government was not doing too badly in its general policies, but that if the hon. gentleman's party were in power they would do the same things but would do them much better. That was the impression I got from his speech. I will quote what he said on just one point, because I have not time to go through all his speech. He said:

> I would point out, however, that the policy of double depreciation was another example of faulty planning.

This from a member who has never shown much inclination to favour planning of any kind! He goes on:

> Hindsight shows it to have been totally unnecessary and to have aggravated the inflationary tendencies already existing in our economy. Had we needed to create employment, it would have been a fine thing, but once again our economic managers—

Meaning the government, I suppose.

> —saw dimly through dark-coloured glasses.

I would point out to the hon. member for Rosedale that the government on the opposite side of the house has constantly taken from the big business interests of this country any guidance it has ever accepted from anybody. The chambers of commerce and boards of trade have more influence on the government of this country at the present time than have any other bodies.

Mr. ABBOTT: That is rubbish, the same old story.

Mr. BENTLEY: Results are what count. The proof of the pudding is in the eating. Every time this government passes legislation you can find commendation for that legislation in the pronouncements of chambers of commerce, or if you go back you can find recommendations from chambers of commerce and boards of trade for such legislation; but every time you find recommendations coming from agricultural groups or from labour unions you find the government fighting those recommendations to the last ditch.

Mr. ABBOTT: That is rubbish too, and nobody knows it better than my hon. friend.

Mr. BENTLEY: I shall deal with that a little later when I speak of farm organizations. At the moment I wanted to point out to the hon. member for Rosedale that the people in whom he places his economic faith, the leaders of big business in this country, were pleased with the double depreciation feature and many other government policies when they came in; and if, as he says, hindsight is better than foresight, he and his friends in big business must be indulging in that hindsight, because now they are weeping at the results of some of the policies which they believed were good a few years ago.

I now come to the main part of my criticism of the minister's budget. I shall not bother referring to *Hansard,* because if you pick it up and read it through you will not find the matter to which I am about to refer mentioned in it in any way whatsoever. But before coming to the main part of my remarks, let me say that this budget gives no taxation relief to the lower income groups in Canada, and there is no assistance of any assured kind for the consumers of this country. True, the minister took off the sales tax, but without any assurance that the saving will be passed on to the consumer. The minister made that quite definite. There is no relief, not even a little bit of relief, for the kids of the country who, for their parties and so on, have to extract another two cents from the old man to buy a soft drink. In fact there is no relief in this budget whatsoever for the vast majority of the Canadian people.

Mr. ABBOTT: That tax brought in $23,000,000 last year.

Mr. BENTLEY: Well, Mr. Speaker, I do not think it is a matter of pride to take $23,000,000 from the kids of this country.

Mr. ABBOTT: We take it from people who drink Scotch and soda too.

[Mr. Bentley.]

Mr. BENTLEY: Any time I buy Scotch I will willingly pay the tax if only the kids can have their soft drinks free of tax.

Mr. ABBOTT: Drink milk.

Mr. BENTLEY: We can moralize all we like, on what adults and kids should drink, but at their little social affairs the children like to imitate their elders by having something to drink. Their elders, of course, forbid them alcoholic drinks; so the children have the habit of using soft drinks, and the government comes along and takes $23,000,000, because people are trying to teach their children to be temperate. There are spiritual values in democracy, but every piece of legislation passed by this house is based on purely materialistic thinking, and it is time we put a little bit of spirituality into some of our legislation.

In the budget there is no suggestion whatsoever of any taxation relief for our co-operative organizations. There is no suggestion that the three per cent tax imposed on co-operatives two years ago is to be removed. Again I point out that that is one of the most unjust taxes that has ever been imposed on any body of people in this country. It is a tax which is entirely unjustified. I will grant that it does not put a heavy financial load on most of the co-operatives, although a few of them find it difficult to carry this tax load.

But it is not because of the financial load it imposes that I complain. The co-operative movement was absolutely built up as a free enterprise, non-profit business, and when that three per cent tax was imposed it put upon the statute book of this country a law which declares that co-operatives which claim to be non-profit, free enterprise organizations are profit-making institutions. I wish that this house and the government could see that point of view. Nobody invests in a co-operative organization for the sake of getting interest on the money invested. It is purely a case of a small or large group of people getting together and saying, we will build something of our own to serve us in some particular way, in order to save the money that we have in our pockets. But when they have saved their money this government comes along and says: Before you can get that money back into your pockets, a certain portion of it we are going to call profits, on which you must pay income tax. There is no justification for an income tax of that kind.

I have before me a number of resolutions, but I shall quote only one of them today, since the minister has given an undertaking that Bill No. 454 will come up shortly after the budget

resolutions are disposed of. Here is a resolution that was passed unanimously by the congress of the Co-operative Union of Canada, held in Saskatoon on March 9, 10 and 11, 1948. The congress of the Co-operative Union of Canada is a combination of the various co-operatives in this country and also includes the active and able council of co-operatives in the province of Quebec. In this resolution they ask that the recommendations the congress made on March 22, 1946, should be given effect to by legislation. They do not want the tax applied by the means I indicated a few moments ago. They do not want this applied to any co-operative which comes in this particular group which I am going to quote for the benefit of the house:

(1) It is controlled exclusively on the basis that no member shall have more than one vote.

Mr. Speaker, there can be no more democratic organization in the world than a business organization in which every shareholder, regardless of the amount of his investment, has only one vote. No small group of individuals can control the policy of that institution. To that extent, that makes it a pure co-operative. I continue with the resolution:

(2) The net surplus arising from member business after payment of expenses and setting aside of depreciation and necessary reserves is allocated among its members in proportion to the business by each with the association or organization, pursuant to a prospect held out in its act of incorporation, bylaws, or contract with its members. If an association or organization desires to place in reserve a sum in excess of that which the minister deems necessary the setting aside of such additional reserve shall not disqualify such association or organization from exemption from tax, but such reserves shall be subject to tax in its hands.

That is fair enough. They ask only for the necessary reserves; then, if they desire to get more, the minister shall decide in his discretion whether they need these extras, and even if he decides that they do, they are prepared to have these reserves taxed according to other corporation taxes. I continue:

(3) The surplus so allocated is paid to the members in cash, or in such other form as the association or organization may by bylaw determine, provided that the amount so allocated be reported when required by the minister, and, if income of the member, shall be taxable in his hands in the year in which it is allocated.

age dividends of any one year any of those dividends become income in the hands of the member, the final receiver, then that is part of his income and is taxable in his hands.

(4) It pays not more than a moderate rate of interest on share capital of the association.

A moderate rate of interest I believe, generally speaking, among co-operatives is 3 to 3½ per cent.

In other words, if in the allocation of patron-

(5) Not more than one-third of its business in any year is done with non-members.

A co-operative cannot very well refuse to deal with those who come into its place of business who may not be members; but if not more than one-third of its total patronage is from non-members, they believe they should qualify as co-operatives, as I have explained. If more than one-third is, it would be obvious that they could get to such a size in doing non-member business that they would be more in the nature of a profit-making concern than a co-operative.

(6) Notwithstanding the foregoing, any association or organization shall pay income tax on that portion of its net surplus arising from non-member business which it does not distribute to non-members.

That means that they are fair. They say that, even though we are a co-operative, and do not do business with over 33⅓ per cent non-members; even if we do business with only one non-member we recognize that that business is profit business unless we return his dividends to him. If we do not return his dividends to him we recognize that the profit there is taxable in our hands, and therefore it is quite proper that it should be taxed. I continue:

The surplus of any association or organization directly or indirectly owned or controlled by one or more of the said associations or organizations shall not be liable to taxation under the said acts, provided it conducts its business or enterprise in the manner above set forth. Nor shall any patronage dividend distributed by it to its member associations or organizations be liable to be taxed in their hands if the member associations or organizations in turn allocate the dividend so received to the members on a patronage basis.

That means, Mr. Speaker, if a number of co-operative associations federate themselves for the purpose, we will say, of manufacturing some of the goods they propose to distribute through their local co-operative associations, then the earnings of the federated organization, if they are allocated back to the individual co-operative associations, and from there to the individual members, should not be taxable as income in the hands of either the federated co-operative or the individual co-operative which is affiliated with each, and shall become income only when it is private income in the hands of the individual who finally receives it.

That is my main criticism of the budget today, not because there is no other criticism,

but because other hon. members have dealt or will deal with the other features. I did not want this opportunity to pass without drawing to the minister's attention the need for abolishing the three per cent tax on co-operatives, which was imposed by his government in 1946.

Mr. W. D. WYLIE (Medicine Hat): Mr. Speaker, while I do not pretend to be a financial wizard; yet, after listening to the interesting and sometimes convincing speech of the Minister of Justice (Mr. Ilsley) this afternoon, I am still convinced that the budget was what so many hon. members have said it was, a big disappointment, not only to the majority of hon. members, or perhaps I should say, to hon. members of the opposition, but to many of the Liberal members who, when the vote comes, will of course vote with the government.

It was a big disappointment to Canadians generally, the working classes and the farmers. We all realize how the cost of living has increased, and with no tax relief conditions will be much harder. While I must say that the farmers are perhaps better off at the present time than they have been for years, yet they have been more or less forced out of many lines of production because of the income tax. I refer particularly to hogs. The raising of hogs in the southern part of my province is almost out of the question. That has happened as a result of the income tax. That is one reason; another reason is the shortage of feed. In the raising of hogs on a farm, the feeding is done in the early hours of the morning and in the evening. Therefore it is really overtime work. The farmers complain that they are not going to raise hogs for Mr. Abbott. That is the general contention in my area.

The leader of this party, the hon. member for Peace River (Mr. Low), in his speech offered some good suggestions. I feel sure that if they were adopted they would ease conditions in this country not only for the working classes and the farmers but for everyone in general.

Here and there there was some trimming of indirect taxes, just enough to mollify the public and kid them into thinking they were getting something back from a generous government. This policy is always defended on the ground that it is anti-inflationary. It seems to me that the government does not want the people to keep the money they earn. The government says that the people will only spend it and send up the cost of everything, and thereby help to increase the market for scarce commodities.

[Mr. Bentley.]

The public could understand that reasoning in 1945, in 1946 and even in 1947. But this is 1948, three years after the war. Many goods are in fair supply now, but clerks are looking at each other and watching business walk by the window because the tax siphon is too efficient.

Goods are high priced, because wages and costs of materials are high and the sales and excise taxes are so heavy. The chances are it would take a fair-sized recession or depression to force them down to pre-war levels, and I am sure the government does not want either of those eventualities. The public possibly could take some more of this anti-inflation treatment if it were convinced that the government, while preaching, was doing a bit of practising, but the signs do not point that way.

Ottawa still keeps an army of temporary civil servants with no great display of economy. They are paid by taxes. Ottawa keeps expanding offices all over the country, competing for office space with business, and thus driving up rents. These inflated rents cannot help having some effect on increased prices. That is not the way to buck inflation, but it is the government way. The government does these things while it milks the average taxpayer. It says in effect, "You give your money to us. We do not want any inflation, no, sir, not in Canada, but it is O.K. if we do a little inflating of our own".

That is just about the way the public see it. The poor taxpayer would dearly love to have a little surplus of his own after listening to the surplus mentioned in this budget—$670 million. The taxpayer would even like to put a little bit away for old age. The conditions today for the average middle man are entirely different from what they were in the time of our fathers and our grandfathers.

I wonder if it occurs to the government that the average taxpayer today would like just that chance. It does not follow that if he got a cut in income tax and in other taxes he would buy all the scarce goods in sight. He might put away enough money so that he could retire and not be dependent on a $30 a month dole from the government, and I think that would be a good idea. The $30 might be eaten up as it is today when we are fighting inflation with the cost of living beyond the 150 index mark.

If the government must save us from ourselves, just as a means of siphoning money to prevent inflation, it should take the money not to spend it all itself but rather to give some of it back to the taxpayer. Compulsory savings were used in wartime for that purpose, and it could work today instead of having us robbed blind.

We have had comparisons of income tax with the United States, and according to the table that appears on page 4066 of *Hansard* there is little difference until you get over the $2,500 mark. That is as far as income tax is concerned. But it is the other taxes that we are concerned with.

We have the taxes on cars. We pay from $500 to $600 more for a Ford or a Chevrolet or a Plymouth and up to $800 or $900 on a Chrysler, above the price in the United States. That applies not only to cars but to many pieces of electrical equipment; one might say all of it. The same is true of farm machinery and many other items. When, therefore, we discuss taxation as between the two countries, I think the conditions are entirely different.

We must go farther than the actual income tax. Income tax today is, of course, doing nothing but taking the money out of our pockets so that we shall not have it to spend. That was done with the 25 per cent that was put on last fall on many goods; in fact, on almost anything you wanted to buy. That was done for exactly the same purpose. It is true that the government has taken the admission tax of 20 per cent off theatres and the tax off some of these other things such as pari-mutuels, but most of the provinces have put it right back on. Alberta is the only province I know of that has not. Ontario is doing it; Saskatchewan has done it, and most of the other provinces are doing it. Alberta is not putting that tax on. I think that is to their credit. The minister expressed the hope that the provinces would not, but I believe legislation was passed by most of the provincial legislatures some time ago to get the tax when it was released by the dominion government.

The eight per cent sales tax could very well have been taken off completely. That should have been done two years ago. At the present time it is taken off certain items. I am sorry the minister did not see fit to take it off soft drinks, chocolate bars and candies, as the hon. member for Swift Current (Mr. Bentley) suggested. I think it is time the kiddies got back to their nickel drink. I have received many letters from manufacturers of soft drinks this year wanting this tax removed. I think the sooner that is done, the better.

There has been an announcement by the minister that interest will be paid on overpaid income tax. While the interest is very small, it may be some incentive, but I think the greatest incentive to make people pay the tax is the increase in the penalty. It is now up to seven and eight per cent.

The minister said, as reported at page 4067 of *Hansard*:

> It is also proposed to increase the penalty rates applying to unpaid taxes from the present 4 per cent and 7 per cent to 6 per cent and 8 per cent respectively. These higher penalties will provide an additional spur to the payment of the proper amount of tax on the due date and contribute to greater equity as between individual taxpayers.

It may and it may not. I often wonder why the government does not pay something on the money it has deducted through the payroll system. It used that money in some cases for fifteen months with no interest paid on it, and that amounts to a substantial sum quite often. It also treats the wage earner or the man on salary in a way different from that in which almost any other taxpaying citizen is treated.

I think that when anyone hires out for $150 a month, he is entitled to that. That is an agreement reached between him and the employer. But along comes the government and says that so much income tax must be deducted at the source. It is about time that was discontinued, unless the government sees fit to pay about the amount of the penalties it imposes, either six or eight per cent. If that were done, it would certainly help. I hope the government will soon see its way clear to stop that tax deduction at source.

Getting back to the 25 per cent that was put on last November, I would point out that there is one thing that is doing; it is discouraging buying. It has stopped people from buying what they wanted and what they have done without during the war years. I refer particularly to frigidaires, gas refrigerators, cars, and many other things. A few minutes ago I mentioned the tax that has been put on cars. I have here the opinion of an authority, the president of the Ford Motor Company of Canada, Mr. Greig. This is what he has to say in connection with the 25 per cent tax:

> The effect of "excessive" excise taxes on passenger automobiles eventually will be reflected in a dwindling market and must inevitably result in reduced employment in the Canadian motor car industry . . .

That is a statement by the president of the Ford Motor Company. Farther on he says:

> This onerous excise tax was piled on top of the eight per cent sales tax, which remained unchanged . . . The government made it clear that the purpose of this heavy tax was to hold down—discourage, if you will—the buying of passenger cars in Canada and thus to conserve a proportion of the United States dollars expended for imported parts and materials used in their manufacture.
>
> We strongly feel that effective import controls have removed the last vestige of need for an

excessive excise tax as a means of conserving United States dollars. The fact that our national surplus is in the neighbourhood of $800,000,000 is a clear indication the excise tax on automobiles is not needed for purposes of revenue.

That is from a man who, I think, really knows what he is talking about.

While I am on that subject of the shortage of United States dollars, there is one other thing I should like to mention. It is reported in the press, of course, by the Minister of Agriculture (Mr. Gardiner) that the ban on the export of cattle to the United States may be removed in the near future. That is one way of easing the dollar situation. The large ranchers in southern Alberta—with ranches that run up to 5,000 and 6,000 head of cattle—all agree that that should be done. They are quite willing to accept the Canadian price, but there is one thing they want and that is to be able to hold that market. That is our natural market. It is a market we have always depended on, especially in southern Alberta, because we are far removed from the heavily populated centres. By removing that ban, I am sure the government would receive much assistance. I think I would be quite safe in saying that $100 million or perhaps $150 million would be received, depending on the number of cattle allowed to go into the United States. That is our natural market in that area. Those ranchers are certainly hoping to see that release.

Coming back to the eight per cent sales tax, I am reminded of a statement that was made in this house back in 1931 when the Conservatives sat to the right of the Speaker and the Liberals to the left. This is what the present Prime Minister (Mr. Mackenzie King) had to say in 1931 in connection with the sales tax which was put on at that time:

> Where does my right hon. friend expect to get most of his taxation? He expects to get it out of the sales tax (4 per cent) and from the excise tax of one per cent on everything that comes into the country.
>
> What does that mean? The sales tax, as we all know, bears most heavily on the great mass of the people, yet the wealthiest people are receiving a partial exemption on their income tax, and that additional burden is placed on the great body of the people through the sales tax . . . This is the deathknell of everything in the way of freedom of trade!

Mr. JOHNSTON: And of the Liberal party.

Mr. WYLIE: I wonder if the Prime Minister spoke to the Minister of Finance before this budget was presented. I wonder what he thinks of the eight per cent sales tax now in the light of the statement he made when he was in the opposition in this house back in 1931? Times have a way of changing. I am quite sure that he feels that, now it is on, it might just as well stay there.

During this debate various subjects have been covered, and there is one that I want to mention in passing. It is our housing situation in this country. I want to make some criticism of the wartime houses that have been built in my city of Medicine Hat. We have seventy-five houses that are now just about completed and, Mr. Speaker, I would really call them shacks—but shacks that are costing, I imagine, between $5,000 and $6,000 each. There is no basement in them, as all hon. members know. Those houses are all rented to returned boys who went overseas and fought for us for five years. When they come back we offer them a house like that at a rental of $22.50 to $27.50 a month. I contend that those boys should have had something just a little bit better than that; and when they are paying their rental, I think it should be considered as another payment on a house they would eventually own. Some of those boys have come back without arms and without legs, moved into those houses and will be there for the rest of their lives paying rent.

I was pleased to hear the hon. member for Comox-Alberni (Mr. Gibson) mention the trans-Canada highway. That is one way I can think of in which a part of that huge surplus could be used. It could be used in building a trans-Canada highway from one end of Canada to the other, that Canadians can use. On my trip home last year I covered part of it. I can assure you, Mr. Speaker, that between North Bay and Sault Ste. Marie it is a disgrace, and certainly is not doing our tourist trade any good. I have spoken to many Americans who have driven fifty or sixty miles on that highway, then turned around and gone back through the United States. That is poor advertising, and something it will take years to overcome.

The hon. member for Comox-Alberni mentioned some very good points, and I hope the Minister of Reconstruction and Supply (Mr. Howe), or whatever minister is responsible, will see fit to adopt some of those suggestions. On Monday morning of this week a motor cavalcade left Brandon on its way through to the coast. Those people stayed in Medicine Hat last evening and were to leave this morning. There were about seventy-five in the party when it reached Medicine Hat, where two more cars and ten other people were to join them. The party will continue on to Lethbridge, Nelson and right through to Vancouver, advocating the southern route for the trans-Canada highway. Those people realize that something must be done, and I think it is up

to the dominion government, which has ways of collecting money that the provinces do not have. I believe this should be made a national policy, as it is in the United States. If we leave it to the individual provinces one may build a hard-surfaced highway from end to end of the province, while another will not; that is the situation at the present time. So it is to be hoped that something will be done in that respect.

Before I conclude, I want to touch upon a matter I have discussed in this house every year since I have been here. That is the question of irrigation in western Canada. Irrigation is very important to the people of the drought area, and when we see nothing being done year after year we wonder just what the intention of the government is in that regard. We realize that a start has been made on the St. Mary-Milk river dam, and we appreciate what has been done. That dam will cost a million dollars or more, but many other things have to be done in connection with distributing the water to be held in that dam, and the sooner a start is made, the better it will be.

The local branch of the Canadian Legion took up this matter at the convention in Saskatoon this week. They think the attitude of the government with respect to irrigation in entirely wrong; that is, dealing with it more or less as a relief measure. Irrigation is much more important than that, and should not have to wait until we have unemployment in this country.

The hon. member for Lethbridge (Mr. Blackmore) has told us about the sugar beets we could raise in that part of the country. If we had irrigation we could grow more sugar beets. Any vegetables that can be grown could be raised in southern Alberta, where we have ample sunshine. In addition, small fruits, all kinds of grains and grasses, hay and anything else you care to mention could be raised there, and I believe a greater effort should be made in this respect.

At the present time, of course, we have more or less to rely on the Prairie Farm Assistance Act. That has been of great assistance and is certainly appreciated by many farmers in that area. But for what they receive through P.F.A.A. bonuses many of those farmers would be on relief. I was just looking at the report of the Department of Agriculture for the year ended March 31, 1947, and I noticed that, since 1939, under the Prairie Farm Assistance Act the farmers have been paid almost $73,000,000. Of course Saskatchewan received most of that money; but when we consider what is being expended under that legislation, and when we consider what can be done by spending a few million dollars on irrigation, I believe the right policy would be to push ahead with irrigation just as quickly as possible.

Perhaps the government may want to use another method to make rain. Years ago we had a man named Hatfield in that area, and what he shot into the clouds to make it rain no one will ever know. A new method is being tested now, not only in this country but extensively in the United States; that is, the possibility of making it rain through the use of dry ice. I understand that the national research council is carrying on investigations along this line. Only the other day I had a resolution from the Medicine Hat chamber of commerce in connection with the use of dry ice for this purpose. This resolution was also sent to the government, and I hope they will study it very carefully. It is quite short, and I should like to read it:

> Whereas it is now publicly known that the dominion government of Canada is favourably disposed towards carrying out investigatory experiments in Canada of dry ice bombardment of clouds to create artificial precipitation of rain;
>
> And whereas the Medicine Hat chamber of commerce is firmly convinced that all that area adjacent to the Cypress hills in Alberta, which includes that of the city of Medicine Hat and district, is a district of heavy cloud formations during the greater part of the growing season;
>
> And whereas we feel that this is the logical point to carry out investigatory experiments;
>
> And whereas there appears to be the existing facilities for the said experiments, located in this area at the Department of National Defence experimental station, Suffield, Alberta.
>
> Be it therefore resolved that we urge that these experiments be carried on within this area as early as possible.

We have all the facilities at Suffield, which is a national defence experimental station. We also have plenty of clouds in that area. Of course I realize that, to make these experiments a success, the clouds must be of a certain formation and at a certain height; but I hope those experiments will be carried on in this district this summer. I assure the house we would all be glad to see it rain in the first two weeks of July. That is the time we always need it, so I would suggest that the government carry out their experiments toward the end of June or early in July. If they can make it rain I am sure the people of that area will be thankful indeed.

In conclusion, let me say it is up to the government to improve conditions, and this can be done through our democratic system of government. I believe that is the only way to do it. We must make conditions in this coun-

try such that we do not have to worry about communism or any other ism that might endanger us.

Mr. J. A. ROSS (Souris): Mr. Speaker, the annual budget presented on May 18 by the Minister of Finance (Mr. Abbott) is most disappointing to the average Canadian citizen. While the figures he set forth show a surplus of about $670 million for the past year, other adjustments bring that up to $727 million; and cash received from other sources added to the cash surplus brings the total up to $1,181 million, as mentioned by the minister.

With the high cost of living in Canada today, with the heavy taxation and with our dollar value at approximately sixty-five cents, these citizens of Canada are entitled to greater income tax exemptions than are now allowed in Canada. The federal tax in 1939 was $38.76 per capita, whereas today the federal per capita tax is $198. Last year the minister budgeted for a surplus of about $190 million, and the result at the end of the year was several times that figure. For the coming year the minister is budgeting for a surplus of approximately $489 million; I hope he is somewhat closer to the figure than he was a year ago.

In 1939, in round figures, there were approximately 46,000 civil servants with the government. Today there are over 150,000 persons in government employment in this country; and in that I include the civil service. We find a great deal of extravagance and wasteful expenditure of public money by the present federal government. The minister may say, "Where would anyone reduce those expenditures?" My colleague the hon. member for Peterborough West (Mr. Fraser) spent a full forty minutes in discussing the national film board. I am not saying they do not render useful service, but I do say there is an extravagant waste of money in that set-up. The estimates this year show in this regard an expenditure of $3,537,000, or an increase of $776,518 over last year. I am sure that great savings could be made in this respect, and a useful service extended to the people throughout the country.

There has been sitting a special committee on prices, which committee many people across this nation believe is now a complete farce. Heavy expenditures are being made there to retain legal counsel, secretarial staff and help of other kinds. The committee has been sitting since February 10, and in those three and a half months has held about sixty sittings. The last statistical summary from the Bank of Canada sets forth the cost of living index, and it shows a steady increase from month to month up to the present time. That increase is still climbing, just as if the committee had never sat.

On May 24, as reported at page 4324 of *Hansard* the hon. member for Brandon (Mr. Matthews) placed a set of figures on record, and his speech was referred to this afternoon by the Minister of Justice (Mr. Ilsley). I shall have something to say about the minister's speech somewhat later in my remarks. The figures placed on record by the hon. member for Brandon show that, during the years 1939 to 1947 inclusive, sums paid to farmers of Canada in subsidies, bonuses, freight payments and other payments amounted to no less than $528,979. The hon. member gave the Minister of Agriculture (Mr. Gardiner) great credit for having brought about all this legislation.

I am not arguing about the point the hon. member was attempting to make; but I take issue with the fact that he did not go farther and tell the plight of the farmers in his riding and throughout the Dominion of Canada because of the great loss they have suffered at the expense of legislation brought down by this government.

If we take all this into account, the difference during those years between what the farmer actually received for cereals, meats, dairy products and other products, and the average prevailing world market prices or United States prices is considerably over a billion dollars. In other words, the Canadian farmers have subsidized the consumers of Canada and of Great Britain with foodstuffs during those years to a value of over a billion dollars. That is a great contribution to be made by the agricultural producers of this country when one realizes that they were the only people so controlled during those years and the only producers in Canada today still kept in a strait-jacket by the government and forced to market under controls to certain designated countries, and that they are prohibited from shipping their produce to other countries because of embargoes imposed by this very government.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. ROSS (Souris): Mr. Speaker, at six o'clock I was discussing the amount which the agricultural producers of Canada had contributed since 1939 in subsidizing the consumers of this country and Great Britain. I want now to refer to the average losses suffered by the prairie farmers because of the United

Kingdom-Canada wheat agreement from August 31, 1947, to April 31, 1948, which is in the present crop marketing year.

A comparison between the revenue received by the Canadian farmers, including producer certificate payments of twenty cents a bushel which are now being distributed, and the price of class 2 wheat averaged by months, shows a loss per bushel for the 1947 crop to date of $1.50 a bushel. There were 127,305,668 bushels delivered in those nine months under the agreement, showing a loss of $191,891,763 for the first nine months of this marketing year. On the same basis, wheat destined for domestic consumption within Canada averaged a loss of $1.50 a bushel. There were 54,755,418 bushels delivered, showing a loss to the producers of $82,401,104. Thus the prairie farmers in wheat alone, in the first nine months of the 1947-48 crop marketing year, subsidized the consumers of Canada and Great Britain to the amount of $274,292,867. That is quite a figure. Remember, this is the second year of the United Kingdom-Canada wheat agreement. The loss per bushel to the producers this year is almost double what it was in the first year of the wheat agreement. Those figures are on the record by the ministers of this government.

If the proposed international wheat agreement is carried into effect, it will be absolute proof that Canadian wheat producers will have no opportunity of regaining the hundreds of millions of dollars which they have already lost under present governmental marketing operations.

Producers within other exporting countries such as the United States, which will be a signatory to the international wheat agreement, received the benefit of prevailing world prices while they were at a reasonably high figure through these past years, and they took advantage of their situation. But the government of this country saw to it that our producers should not secure those prices. I have seen a copy of the agreement from Washington, and unless there are considerable changes made our producers will never regain any of this great loss which they have suffered. It is far too great a contribution to ask any one class of this nation to bear, much as we are agreed as to the necessity of keeping down the cost of living. Other methods could have been taken which would have assured that our agricultural producers would receive their fair share of the national income along with manufacturers and producers of other necessities of life in this country.

This afternoon the Minister of Justice (Mr. Ilsley), who was minister of finance during the war years when much of this legislation controlling the farmers was brought into effect, spoke in favour of the present budget. He said that he thought this government should follow the example of the United States government and budget to pay off the national debt. If that be true, why not budget consistently for this purpose? Why was this suggestion not made a year ago when the minister brought down the budget? But there was no indication of any such thing at that time. Last year's proposed surplus would not indicate that the thought had occurred to any member or official of the government. When the present Minister of Justice was minister of finance no member of the government was more responsible than he for certain regulations which put the producers of this nation in a strait-jacket which prevented them from receiving world prices for their products. I admit that he received a lot of advice from his colleagues, but he was responsible for the legislation which came under his department. And now he suggests that we should copy the United States. I think he might well be a party to seeing that our farmers shall receive assistance on the same basis as United States producers are receiving assistance today and have received it through past years.

The Canadian government have refused and are refusing to allow the export of agricultural products from Canada to the United States, despite the fact that this trade would correct a great deal of our United States dollar exchange difficulties which the Minister of Justice mentioned this afternoon. He and his colleagues are more responsible for our exchange situation today than anyone else I know.

I shall certainly support the amendment moved by my colleague the hon. member for Muskoka-Ontario (Mr. Macdonnell) that "this house is of the opinion that the government does not possess the confidence of the country." So much for the budget, because I do not want to repeat arguments that have been made by other members.

During the past week-end and early this week it was my privilege, along with other members of the parliamentary committee on veterans affairs, to visit the city of Saskatoon and attend the dominion convention of the Canadian Legion which is now in progress. Upon our arrival there last Saturday, we were informed of the passing of a great Canadian. May I be permitted, Mr. Speaker, to speak of him as one of ourselves, Comrade Colonel J. L. Ralston. He was a man of great courage, high principles and sterling character. To those who were not privileged to sit in this house with him, if they want real proof of his courage and self-sacrifice I suggest that they read the speech delivered by this great Canadian in the House of Commons on the evening

of November 29, 1944, which will be found recorded in *Hansard* of that year at page 6657. He certainly proved what a great Canadian he was at that time by his self-sacrifice.

Following the drumhead service on Sunday afternoon, and at the ceremonial opening of the convention on Sunday evening, the legion hymn was sung, "Old Soldiers Never Die, They Simply Fade Away," and there seemed to be more significance than ever in that hymn on that rather sad occasion. I was happy to think that the first business transacted at the business session on Monday morning was the passing of a resolution of condolence to the widow and son in the sad loss of a great husband and father.

As I sat on Monday and listened to the legionnaires in that great convention of over one thousand delegates deliberating on their problems, problems created as a result of two great world wars, and thought of the present worldwide international unrest that was referred to by the Minister of Finance (Mr. Abbott) when he pointed out that we might, on short notice, have to expend a great deal of money for national defence in this country, although it was not evident, this was brought home to me, Mr. Speaker, and I decided that it was my duty to avail myself of the first opportunity in this chamber to speak of the international peace garden. I want to compliment the hon. member for Brandon (Mr. Matthews), because on July 11, 1947, he cited the history of this undertaking. He made his remarks during the course of the discussion of the estimates on parks and historical sites under the Department of Mines and Resources, and I wish to compliment him on his fine presentation at that time. I thought he did a much finer job at that time than he did last Tuesday afternoon in his budget address. Certainly he did much more for the interests of his constituents as a whole whom he has the honour to represent, and the citizens throughout this country.

I have never before spoken on this particular matter, but I wish to say that the area of the garden consists of some 2,340 acres, 1,452 acres in Canada donated by the Manitoba government and 888 acres on the United States side, donated partly by Washington and partly by the state of North Dakota. This garden is situated in the Turtle mountains, a range of hills rising to some 2,500 feet above sea level. They extend forty-five miles east and west and twenty miles north and south, and are located midway along that great undefended 3,987 miles of boundary line between Canada and the United States, and midway along the southern boundary of the Souris constituency which I have the honour to represent at present in this house.

The international peace garden is incorporated under the laws of Manitoba and North Dakota, and has been recognized by both Canadian and United States governments. Further work on this project should be the responsibility of the federal government; first, because the whole proposal is international. The dominion government has already expended, through the province of Manitoba, approximately $52,000 on this area. It is interesting to recall a paragraph of the speech from the throne at the opening of the Manitoba legislature on February 29, 1932, under the leadership of Mr. John Bracken who has always been an ardent supporter of this garden, and is now the leader of the official opposition of the House of Commons. He said:

> A memorable event of the past year is the provision made for the peace garden in the Turtle mountain region of Manitoba and North Dakota. This international project ought to have a prominent place in the peace chronicles of the present era when every thinking person in the world is compelled to realize that one of the most important questions facing our civilization is that of world peace, friendship, and co-operation.

An editorial in the Winnipeg *Tribune* of that date said:

> It is a worthy, a splendid project, and one that has the enthusiastic approval not only of the people of Manitoba and western Canada, but of other millions in both countries . . . Some of the most magnificent monuments in the world have been erected to commemorate lost causes, vanished glories and ruined hopes. A peace garden, let us hope, will symbolize in its own living beauty, ever more cordial relations between the two countries.

On July 24, 1932 the official opening of the garden took place and people were assembled from great distances in the central west, both Americans and Canadians.

I should like to give a few facts concerning the present status of this international peace garden. First of all, as to the board of directors for this year, 1948, I will just give the principal officers. They are as follows: Honorary president: W. V. Udall, Boissevain, Manitoba; president: D. G. McKenzie, Winnipeg, Manitoba; chairman: John A. Stormon, Rolla, North Dakota; first vice-president: M. S. Colquhoun, Deloraine, Manitoba; second vice-president: Russell Reid, Bismarck, North Dakota; treasurer: Lieutenant-Colonel A. J. Robbins, 496 Ash street, Winnipeg, Manitoba; assistant treasurer: John A. Stormon, Rolla, North Dakota; secretary: Myrtle Baldwin, Rolla, North Dakota; assistant

secretary: E. T. Johnson, Boissevain, Manitoba; assistant secretary: Henry Sunderland, Dunseith, North Dakota. There are some seventeen directors from all parts of the United States and Canada scattered throughout these two great areas, which speaks well for the people in that area. The booklet goes on to point out that for 133 years this great stretch of boundary line between Canada and the United States has been a boundary of peace without warship, fort, soldier or gun. It states that:

> Two great world wars, and the economic and financial problems arising therefrom, and possible military requirements in the future, are drawing these nations into continuous and closer collaboration and co-operation. This practical demonstration is proof positive that peace between nations is more than an idle dream; it is an accomplished fact.

Then it cites the various reasons why these sites were selected. One of the reasons was that of the natural scenic beauty of the area; second, the wide variety of trees, shrubs and wildflowers found growing there; third, the abundance of wild life, including birds, native to the district; fourth, the large number of small lakes located in the Turtle mountains; fifth, the location being almost the geographical centre of the North American continent; sixth, it being located on the only hard-surface highway running north and south across the continent, extending from northern Manitoba through the United States, down into Mexico, and extending into the countries of South America; seventh, no physical barrier, such as rivers, lakes, mountains or gorges, standing in the way of the free movement of people across the boundary in the area designated. Then it gives the pledge which appears on the plaque as follows:

> To God in His Glory
>
> We two nations dedicate this Garden and pledge ourselves that as long as men shall live, we will not take up arms against one another.

Then it says:

> In addition to a beautiful garden, our plans contemplate the erection of an international peace tower as a symbol of peace between our two great nations, and a suitable war memorial to the thousands of young men and women who gave their lives in the last two world wars in the defence of everything we hold to be dear in life. Associated with this memorial is to be a little chapel where friends of loved ones may seek comfort and consolation.
>
> Plans are being made for tourist accommodation, picnic grounds, public assemblies and recreational facilities.
>
> Customs and immigration offices will be erected on the site to facilitate the movement of people across the boundary.
>
> A great deal of public support is already manifest. Women's organizations, churches, service clubs, boards of trade, returned soldiers' organizations and many similar bodies, as well as a large section of the public, are evidencing a desire to help in the promotion of this worthy project.
>
> Large sums of money will be necessary. We are budgeting for $100,000 for 1948. Financial support must be forthcoming from governments, public bodies, business institutions and we hope from tens of thousands of peace-loving citizens.

There is much more in the booklet, but I do not want to take up the time of the house to read it.

More and more, may I say, will United States tourists be drawn northward by the magnetic attraction of our national parks. I noticed in the *Christian Science Monitor* of yesterday many pages devoted to the tourist trade, and the same newspaper on May 21 stated that in 1948 United States tourists are due to spend $15 billion. It sets out in a number of paragraphs the way in which this money will be spent, indicating that a good deal will be spent by tourists coming to Canada. The Canadian people are looking for a great part of that money which will be spent by tourists, and I do not know what could be finer than to have the bulk of these tourists come through that peace garden, with all that it signifies of sacrifice on the part of our peoples in the two world wars.

I wish to compliment the people who met from different parts of Canada and the United States and originated the idea, bringing about the organization and having it incorporated as they have done. May I emphasize the intriguing fact that, instead of being situated in the far east or in the distant west, this garden is located actually within thirty miles of the exact centre of the North American continent. Surely that is a fitting place for it, for this tall and commanding peace tower, proclaiming to the world the friendship between our two great nations.

Again I compliment the hon. member for Brandon (Mr. Matthews) upon having dealt with the question so efficiently on the estimates last year. I could have waited and done so this year in connection with the estimates; but I thought it would be more effective, and I hope it will be, coming from him. I appeal to the minister to have this $100,000 set aside annually for a period of years to create what the board has in mind, in the Department of Mines and Resources, under parks and historical sites. If that is done, I trust that the minister will give this matter the just consideration which it so well deserves. Surely it befits these two great nations and the peoples of these great lands; and therefore I make an earnest appeal, on behalf of the people of Canada, that we play our part, together with the people of the United States, in furthering this fine project.

Mr. J. W. BURTON (Humboldt): Mr. Speaker, while the hon. member for Souris (Mr. Ross) and I no doubt can readily agree that the farmers of the country throughout the years have not received a fair share of the national income, yet I believe I would be correct in saying that the two of us have arrived at that conclusion by a different process of reasoning. And while I have no desire to delay the continuation of the budget debate by going into details with regard to what my colleagues and I in this group, on different occasions, have presented to the house as to the reasons why the farmers have not been receiving their fair share of the national income, and our opinion as to what should be done to rectify that situation, yet when the hon. member for Souris was speaking I could not help thinking of the time when the party to which he belongs was in office, and when I sold wheat at the lowest figure at which I have ever sold it in my life.

Mr. ROSS (Souris): So they did all over the world.

Mr. BURTON: I will deal with that. I must say also that at that time I sold beef cattle, which were fit for the show ring, at such a ridiculously low price that it was a shame even to bother taking them to market. My hon. friend says that was the condition throughout the world. Yes, but we must remember that at that time there was a man high in the ranks of the hon. gentleman's party who promised the people of the country that he would blast his way into the markets of the world.

I cannot take time to discuss the many excellent speeches that have been made in this debate, but there is one to which I wish to refer, and that is the speech made by the hon. member for Broadview (Mr. Church) this afternoon. He seemed to be somewhat concerned about something going on in this province and I wish to put him and his friends at ease. If I could follow the hon. member for Broadview he said this: "One matter to which I would call the attention of the house is the practice of non-residents coming into the province of Ontario and taking part in provincial elections". Later on he said: "In almost every newspaper I pick up there are reports indicating that some of my hon. friends to the left have been going around Ontario addressing meetings". While quite fairly enough the hon. member expressed the opinion that we had that right, yet he questioned the propriety of our doing so.

I wish to put the hon. member at his ease and say that, so far as my colleagues and I are concerned, we do not go to any meeting in Ontario or in any other province of which we are not residents to address meetings unless we are specially invited by the people in those vicinities to go and speak to them. I also wish to assure him that on the odd occasion when I have accepted an invitation to address an Ontario audience I have made it quite plain that I had no intention of trying to tell them how to vote.

The hon. member should also remember that when people invite us to go and speak to them they have a right to know and to hear the story of Saskatchewan told by people who know the score; and if the hon. member for Broadview could assure us that certain people and certain interests in the province of Ontario would not go out of their way to distort the efforts our present government puts into solving our problems in the province of Saskatchewan, in all probability he would not be worried about so many of us taking part in speaking to the people.

Furthermore, may I say that if he could assure us that money from Ontario will not be used to try to influence the election in Saskatchewan during this coming month, then we could all feel a little more happy, especially if he could assure us that Trestrail and people of that ilk would not be using money that very often has been made off the industry of the people of Saskatchewan and of western Canada to tell us later on what is good for us, and in such a way that it is frequently obnoxious.

When the Minister of Finance, on the evening of May 18, delivered his budget address, I could not help feeling sorry that so promising a young Liberal minister should be placed in a position of such difficulty by having to present such a typical Tory budget. I must compliment the minister on having done a very good job on a very poor subject. I am quite satisfied that it was as distasteful to him as his budget is to the majority of the people of the country.

But my pity turned to amazement when a man who apparently adheres to the traditional Tory attitude, like the hon. member for Muskoka-Ontario (Mr. Macdonnell), endeavoured to criticize the budget brought down by the present Minister of Finance. I could not help thinking that if the hon. member for Muskoka-Ontario and his colleagues were on the other side of the house, in all probability, with the possible exception of a few minor details, they would have brought down a similar budget. We can be quite certain of the fact that it would not have been any better; in all probability it would have been

a still more bitter pill for the common people of this country.

As time goes on, a person cannot help noticing that those people who prefix "progressive" to their party label are coming closer and closer to the Tories that are only Liberal in name; in fact, in some provinces of this country they are already in the same camp.

An hon. MEMBER: What do you mean?

Mr. BURTON: In my own province of Saskatchewan these people are in some places arranging saw-offs among themselves in an attempt to delay the march of progress.

Mr. BLACKMORE: Do they call themselves "Independents"?

Mr. BURTON: No.

Mr. BLACKMORE: That is what they do in Alberta.

Mr. KNOWLES: They call themselves fusion candidates.

An hon. MEMBER: Confusion candidates.

Mr. BURTON: In some places they do not even go to that extent. One might say they are running on the same ticket. In dual member constituencies they have arrangements whereby one candidate will be a Liberal and the other one a Conservative.

Mr. KNOWLES: And you cannot tell them apart.

Mr. BURTON: That is just what I was trying to tell the hon. members; more and more is it becoming evident that one has greater difficulty in telling them apart.

When my leader, the hon. member for Rosetown-Biggar (Mr. Coldwell) moved the subamendment for our group and later on was followed by other colleagues from this group, not only did he and they place on the record our want of confidence in the government; the amendment also stated the reasons why and wherefor we considered that the government was doing a poor job. I will not endeavour to retrace all the arguments that have been brought out. I will not endeavour to search out any other defects in the budget. But as all hon. members will know, our case has been made clear and plain, and we have no hesitation in submitting the stand that we have taken to the people of this country.

May I refresh the memory of hon. members. When my leader moved his amendment, it was as follows:

> That the said amendment be amended by inserting after the word "government" and before the word "does" in the second line of the amendment, the following words:
> ". . . has failed to relieve the excessive burden of taxation on the low-income groups of the Canadian people:
>
> (a) By failing to increase the amounts of exemption from income tax from the present levels to $1,250 for single and $2,500 for married persons, and
>
> (b) By failing to remove or substantially reduce the burden of sales and excise taxes which bear most heavily on those suffering from low income and the present high cost of living.
>
> And further, the government has failed to establish a public investment board to assure the channelling of capital investment into socially desirable projects as a means of maintaining full employment, increasing production and raising the standard of living of the Canadian people, and . . ."

I contend, Mr. Speaker, that any progressive-minded member who is desirous of voicing the opinion of the people he has the honour to represent will certainly be obliged in his own mind to support that amendment.

An hon. MEMBER: That is what you think.

Mr. BURTON: While I could go on and aggravate the Minister of Finance by picking here and picking there at this umbrella budget, as some call it, and point out many other parts that are obnoxious to the people of Canada—in fact, I would say a great many features of the budget were not necessary—yet, what is the use? If by this time we have not convinced enough members on the other side of the house that the people of this country do not approve this budget, then, so far as I am concerned, I am prepared to take the vote and abide by what the majority decides. But let me say this much to hon. members through you, Mr. Speaker: the people of Canada are not satisfied and they will make good use of the opportunities that are presented to them to register their protests.

Before I resume my seat, there are one or two matters that I should like to deal with which are only indirectly connected with the budget. The first, I may say, was referred to by the hon. member for Comox-Alberni (Mr. Gibson) the other day when he was taking part in this debate; and today I believe it was again referred by some other hon. members, including the hon. member for Medicine Hat (Mr. Wylie). The hon. member for Comox-Alberni, as reported at page 4310 of *Hansard* of May 24, suggested this:

> 1. Set up a federal highway commission which would designate the highways to be considered as links in the trans-Canada highway system.

Later on he said this:

> Mr. Speaker, the creation of such a federal or trans-Canada highway board is a step which I am sure would meet with the approval of every member of this house, as may be confirmed by reference to speeches made by members on all sides during the past years. The arguments are too numerous and too well known for me to repeat them at this time, but I know that every Canadian looks forward to the day when

there will be a highway across Canada, from sea to sea, from Yarmouth in Nova Scotia to Tofino on the west coast of Vancouver island.

I fully concur in that. I would go even further and say this. Our dominion government has let Canada lag at least fifteen to twenty years behind the times in not having provided for such a federal board of highway commissioners. That board, as the hon. member suggests, would endeavour to settle little, petty, local arguments as to whether this highway should run here or there. I would go even further and say that the federal government, even in this budget, should have made provision so that that board could have had the wherewithal to operate and be of assistance to the provinces in having a trans-Canada highway system constructed.

It is all very well for the minister to say, as he did in his budget speech, that this is not a time to branch out into some of these activities. I agree with him in part in that respect. But let me draw to his attention the fact that we have found it to be the case, not only in our farming activities but in our other business activities, that if you do not make use of good times in order to make your plans to revamp and repair your machinery, then, when the rainy day hits you, you will find yourself in a difficult position. That is why during the period often referred to as the hungry thirties, when we had men practically wasting away in relief camps, no such works were undertaken; nothing was ready so that they could start doing useful work. The excuse was that there was no money, whereas we should have had the machinery ready and should have had arrangements made for the materials and the necessary finances. If that had been done we would not be lagging behind our friends across the border by at least fifteen or twenty years.

As the hon. member for Comox-Alberni says, every Canadian is looking forward to the day when we shall have a trans-Canada highway from sea to sea. In my opinion a board of federal highway commissioners would, in the first place, work with the provincial governments to co-ordinate their activities in that respect, and could arrange material and financial assistance for them as well. They could also decide, for example, whether from Winnipeg on east, through that long stretch of unproductive country, it would be desirable to have a four-lane highway connecting with the central and eastern parts of our country, or whether it would be more desirable to have the highway branch out to cover different parts of that territory. If you look at a map you see that in all probability such a highway system would have to go through Winnipeg, which for more reasons than one is referred to as the gateway to the west. Practically, speaking, there is no other way to get to the west except through Winnipeg or by coming close to it. A little further west, however, you can branch out, and as you go further west you can go more to the north and still be in settled, productive territory. Here again I contend that we should not be satisfied with just a little ribbon of highway across the plains, which we may call a trans-Canada highway. We should have a system of highways adequate to take care of that great western plains country; and since highway construction in that area would be easy and comparatively cheap, there is no reason why we should not have both a southern route and a northern route.

However, Mr. Speaker, you cannot expect the provinces to do this. It is really a federal job. My own province of Saskatchewan has about thirty-eight per cent of the total surveyed roads of Canada, but at the same time we have only about seven per cent of the total population. How can we be expected to give proper road facilities and services to our own people and, in addition, do the job the federal government should do in providing a trans-Canada highway? So I repeat that even in this budget provision should have been made for such assistance to the provinces. We are endeavouring to do what is possible, but there is a limit to what the provincial governments can do. During the past four years new work undertaken and reconstruction work on highways in our province amounted to 1,680 miles, and this year a tremendous building program is contemplated. During the past four years we have regravelled approximately 4,000 miles of highways, and during the past three years we have tripled the total mileage of hard-surfaced roads in the province. Quite frankly, the total mileage of hard-surfaced roads was very much limited until a few years ago, but at least we have made a start in that connection.

The other question with which I should like to deal is also of vital interest to the people not only of my constituency but of practically all of western Canada; that is, the Hudson bay route. In the first week of August of last year the Hudson bay route association, in co-operation with the government of Saskatchewan and with the magnificent assistance of the Canadian National Railways, put on an excursion to Churchill. I had been wanting to go to Churchill ever since the road was opened, but something always interfered with my plans. I am happy to say, however, that last August I had an opportunity of making that trip; and I was so delighted with what I saw that if another excursion is held this year I want to

make the trip again. At this time I should like to extend a hearty invitation to hon. members from Ontario and Quebec and the maritimes, who may have time to spare, to join us on that trip. If they do they will see for themselves that there we have not the white elephant a great many people would like to make it out to be. I can show them that, with the possibilities which now exist, if only we get a fair deal, the road, the port and the route will be an asset not only to the western provinces but to all Canada.

When the excursion train left Regina last August three ministers of the provincial government were on board, and I am happy to say there was also a member of the Alberta government, who, I believe, since has been called to his reward. In that connection I should like to make a suggestion to my hon. friends from Alberta. I noticed that Hon. Mr. Fallow had with him a very nice little movie camera, and I am sure he obtained many fine pictures. Possibly my hon. friends could intercede with the members of his family and make arrangements so that the Hudson bay route association might be able to use the films he took at that time.

Proceeding in a northerly direction the Hudson bay special stopped at Saskatoon, where many others joined the party. From there we went on to Prince Albert, where the citizens and the board of trade gave us a hearty welcome. They realize that even at Prince Albert we are not yet half way up the province. They know the tremendous possibilities for the development of that northern country.

From Prince Albert we went to The Pas, Manitoba, and again we were well received. From The Pas we had a side trip arranged for us which took us to the mining town of Flin Flon, on the border between Manitoba and Saskatchewan. I might add that we were keenly interested in this, and spent several hours in this mining and smelting town. I can assure hon. members that many of our prairie dwellers had a little better idea of the tremendous wealth in that northern section of western Canada.

May I add that in the sight-seeing trip I had the good fortune to be in a motorcar driven by one of the officials of the Hudson Bay Mining and Smelting Company. Answering our questions he told us that, in so far as their experts and surveyors were able to ascertain, not only his children but his grandchildren would have no need to worry about the mineral ore being played out or depleted in their lifetime.

From 1940 to 1945, the war years, when we needed so much the production from our mines, this area milled 12,262,838 tons of ore. That produced 475,125,604 pounds of copper and 605,116,521 pounds of zinc, as well as some other valuable metals.

We had to return to The Pas to take the Hudson bay route which starts at The Pas and runs in a northeasterly direction. For the information of hon. members, let me say once we were on what is properly known as the Hudson Bay railway, in spite of our having only a freight locomotive of ordinary size drawing our large excursion train, the ride was most comfortable and agreeable. In fact neither the Canadian National nor the Canadian Pacific through northern Ontario is anywhere nearly as comfortable from a riding standpoint as is that stretch of road from The Pas to Churchill.

Between The Pas and Wabowden, the first divisional point outside The Pas, is an area in the neighbourhood of 5,000,000 or 6,000,000 acres of arable land awaiting settlement. In addition to that, there is a tremendous amount of forest products and products from lakes and streams, besides undiscovered and, in some places discovered but undeveloped, mineral resources.

Mr. MacNICOL: And a fine stand of timber.

Mr. BURTON: Yes, the hon. member is quite correct; there is a fine stand of timber. I contend that the Hudson Bay railway has the potentialities of making that port a paying proposition, just because of the natural assets in that part of the country.

Furthermore, when we got to Gillam, the next divisional point—and remember, this was in the first week of August—only 150 miles from Churchill, our train stopped for a short time for servicing, during which time the passengers on the excursion train got out to walk along the right of way, and they were picking ripe strawberries. That, in the first week of August!

Mr. BENTLEY: No cream?

Mr. BURTON: They were so delicious we could do very nicely without cream or sugar.

We proceeded north from Gillam. In that area are millions of horsepower going to waste because of a lack of development of the waterfalls and rapids which could easily be developed. When we arrived at Churchill almost all of us began to see the sights, which we covered as much as we could from that time until the following evening. Included in our sightseeing was the elevator. Incidentally, let me add that I was informed by some of the superintendents that the Minister of Trade and Commerce (Mr. Howe) was responsible for some of the up-to-date equipment

installed in that elevator. I was told that at one time, and in the space of four minutes, they can unload four carloads of grain.

Mr. CASE: The minister was active in private enterprise when he put that in.

Mr. BURTON: I would say that whatever the minister did because of his inventive genius and engineering ability is now given a chance to work for the people as a whole. He does not, like some other hon. members, always follow the line of private enterprise.

We have there an institution which is not a private enterprise, but it is a credit to the Minister of Trade and Commerce and to anyone else who had anything to do with the erecting of the elevator and the building of the railway.

We were invited to visit the airport and army base being operated at that place. Let me say to hon. members who are sometimes worried about our Yankee friends having a few people up at that base that in my view they are unduly alarmed. From what we had an opportunity to see, the men stationed there were being well cared for and were doing a job which must be done if we are to develop that northern country as it should be developed. While it is true that friendly relations might at times become too friendly, at the same time I would repeat that I do not think in this instance we have anything to worry about.

I took a number of snapshots along the line and at Churchill. We have not time to go into all these details, but I might add that, while there, we saw many of the so-called white whales. I mention this now because some time ago a good many people were excited about whale oil. Right there at our back door we have whale oil available, if we only make arrangements to secure it.

The trip back was arranged so that the train covered in daytime almost the same mileage we had covered at night when going up. The result was that we saw about all the territory and the surrounding country so far as it was humanly possible to do on such an excursion.

There was one thing that struck me forcibly on that trip. In the first place, there were very few young people on board. Most of us were either middle-aged or going on to advanced years. But everyone seemed to be determined to see as much as possible in the short time available. With very few exceptions, they were pioneers of the west, and the impression they gave me was that they had at last the opportunity to fulfil the dream of a lifetime by making a trip to their own port of Churchill on Hudson bay. For some of us it was the first opportunity we had of having our feet on the deck of a boat travelling in deep water, and it reminded me that those of us who travelled in prairie schooners in days gone by never got seasick.

The possibilities of trade between the prairie provinces and the maritimes are immense, and I hope, Mr. Speaker, that we shall continue to develop this route. I am satisfied that if it is given an opportunity to show what it can do, it will be an asset not only to the people of western Canada but to the country as a whole.

Mr. W. GARFIELD CASE (Grey North): Mr. Speaker, one of the interesting things about the budget debate is the notable travelogues to which we are treated, which give us a better appreciation of the great possibilities of Canada. But I could not understand just why the hon. member for Humboldt (Mr. Burton) referred to this budget as being an umbrella budget. I did hear the Minister of Finance (Mr. Abbott), in presenting the budget, speak of laying something away for a rainy day. But my conception of an umbrella is something that gives you protection from what otherwise might be described as a thorough soaking, and I certainly do not feel that this budget measured up in any respect to that description. It might just as well be a totem pole as an umbrella for any protection it affords to the taxpayers of Canada generally.

I wish to comment briefly on the reference of the hon. member for Humboldt to a national highway. With all due deference to the present plans for beautifying Canada's capital, which, after all, is entitled to consideration because we are a proud people and want to make our capital as attractive as possible within due bounds, I can think of no more fitting memorial to the gallant sons and daughters of Canada than the building of a national highway across this country. As we are becoming more conscious of ourselves as a nation, surely we owe it to ourselves to guarantee that we can travel in our own country from coast to coast, without detours into another country and being compelled to declare what we are taking in and bringing out. At the present time many such detours are necessary.

The hon. member also referred to the vast areas beckoning the settler. As I listened to him I could not help wondering how the C.C.F. party would attempt to justify their bitter opposition to immigration, until we had housing and other comforts of life available for our new settlers. If we had attempted to build our future on that theory, Canada would never have been. Our forefathers came to this country with no homes to go to or anything else, but they were prepared to address themselves

to the task of hewing homes for themselves out of the forest and suffering hardships and privation in laying the foundations upon which future generations have continued to build up this country. Theirs was not an easy task in any sense of the word.

I often think of that when I hear my C.C.F. friends criticizing the Premier of Ontario for his plan to bring into this province 7,000 immigrants a year, but apparently Ontario must now take a back seat to Alberta which has indicated a desire to secure 400,000 immigrants from the British isles in the next ten years. I agree with the Minister of Agriculture (Mr. Gardiner) that every effort must be made to bring these people to where the food is to be consumed rather than to assume that we can constantly be shipping the food to them in other countries.

I think I should say, Mr. Speaker, that the Minister of Finance has proved himself to be at least courageous, because a few nights ago he presented to the house and the people of Canada a budget which certainly is not popular in any part of Canada that I have had the opportunity to visit. Nor can I think it is very acceptable to the Liberal party, regardless of the fine effort made this afternoon by the Minister of Justice (Mr. Ilsley), a former minister of finance, in seeking to defend the position taken by the present Minister of Finance.

But to prove, Mr. Speaker, that this government have no sound formula of budgeting for expenditures and receipts, in the three years I have been here they have always been hundreds of millions of dollars out in their anticipated receipts. The last budget brought down by the Minister of Finance was only about $700 million out. Two years ago, when the present Minister of Justice was minister of finance he was prepared to budget for a deficit. How times have changed! Now the Minister of Justice, when we are seeking to bail ourselves out of a difficult situation, recommends and endorses the present proposals of the Minister of Finance to budget for a substantial surplus. Just how much they know about what they are doing is hard to understand. For instance, I was amazed to hear the Minister of Justice say this afternoon that, by raising the succession duties exemption from $5,000 to $50,000, he had been astounded to discover that it would mean a loss of only $5,000,000 in revenue. After years and years in the portfolio of minister of finance, he was amazed to make that discovery! But a mere $5,000,000 meant something to people some time ago.

I can think back to 1932 in the province of Saskatchewan when the then provincial treasurer, Mr. Murdock MacPherson, carried on the affairs of that province with $12,000,000; and while Saskatchewan has many advantages today by way of social services, and such things as they are now seeking to tell the electors about, nevertheless last year it raised and spent more than $57,000,000. That is quite a far cry from $12,000,000. I suppose, so long as the people are getting some benefit from it, we must accept it.

However I am one of those who is not in any sense disappointed with the budget. I heard the stories on the street that there was likely to be a surplus of $750 million, and so on. I knew then that we were standing on rather thin ice. I knew that if the Minister of Finance was consistent, he could not lower taxation. I doubted whether he would be consistent, because there has been a lot of turning about on rather short notice in this House of Commons, but when he indicated to the House of Commons that his purpose in putting on the 25 per cent excise tax was to drain off purchasing power I knew that he could not be consistent and return anything to the people of Canada in the way of lessening taxation; otherwise he would be defeating the tax he had imposed by radio on November 17 last. Therefore I think we have just about what we might have expected.

I want to make this observation. I think it is a sad commentary, and it must mean a great deal to the Canadian people to know that we now have arrived at the place where, by interference and regulation, the government imply that they are no longer prepared to trust the Canadian people; that they must regulate their very lives; that they must draw off their purchasing power; in other words, that they must stem the trend toward inflation in this country. It seems to me so foolish to take the stand that we can regulate or beat inflation by draining off purchasing power. If the government had been anxious to serve a useful purpose, to play fair with the Canadian people, they would have reinstated, or so far as I am concerned they should never have abolished it, compulsory savings, if that was necessary, because then there would have been something laid by for a rainy day.

I am one of those who have come through the ranks of municipal government. We discovered long ago that if a municipality were allowed to budget for substantial surpluses the natural tendency would be to find some place to spend that money. That is the general trend when you allow governments to build up huge surpluses; and with an election in the offing next year, or possibly before that—although I doubt whether they would dare face the Canadian people on a budget such as that

brought down in this house recently—it could be possible that a great many favours might be provided by the huge surplus indicated.

Of course, if the Minister of Justice was correct in suggesting that this surplus might be continued for a number of years, I suppose from a purely economic point of view, there might be some justification for the attitude he was taking. I have at least been consistent in this regard. Even last year I urged the government to give evidence of faith in our country by budgeting for a deficit, because I felt that it would indicate to all and sundry that we had faith in our people and in our productive capacity. The productive capacity of Canada is positively immense; but as long as we hamstring the people with intolerable taxation we shall have this degree of labour unrest, we shall have this sense of confusion and lack of direction which is evident at the present time on all sides by our businessmen, and we are more apt to have a higher degree of inflation than we would have if we were to build up our productive capacity. In other words, up to the present time the people have been living in expectation of something they have not received.

One can understand that with the cost of living increasing, with taxation at an all-time high, with a huge surplus, which the government boast is the greatest on record, and yet no evidence of tax relief, it has a deadening and sickening effect on the whole Canadian economy; because, after all is said and done, it is all right to boast of surpluses; it is all right for the Minister of Justice to be critical, but by the very motion that has been made by the financial critic of this party we say that we have no confidence in this administration, and therefore we certainly have no confidence and trust that the surplus the government are seeking to take from the Canadian people without any sense of direction will be spent wisely. Therefore, Mr. Speaker, nothing would have done more to stimulate production at the present time than to have cut straight across our taxation barriers and to have taken this country out of its present dilemma.

All through the budget address, and again this afternoon in the speech of the Minister of Justice, I heard many references to the United States of America. I have nothing but the greatest admiration for our great neighbour to the south, but I do not think our Canadian people should be poured into a mould and held in a strait-jacket just to satisfy some foolish whim we might have with respect to the United States economy.

[Mr. Case.]

For instance, this afternoon the Minister of Justice said, in effect—and I am not going to quote him exactly—if we had kept our dollar at par that we would be going into debt to a foreign country. Let us see how well the present administration have succeeded in that regard. I want to remind you, Mr. Speaker, and this House of Commons, it was not very long ago that, for the first time in history, Canada borrowed $300 million from a foreign power. This is the first time we have ever been in debt to a foreign government. If the government feel that their present policy is succeeding, I for one fail to recognize it.

The minister spoke of United States citizens who bought our bonds as a good investment. Certainly they bought those bonds with a $1.10 dollar. They bought those bonds on speculation that the Canadian dollar would return to par, and they sold those bonds back on the Canadian market in such numbers when the dollar was at par that the Bank of Canada was forced to lower the bids on Canadian bonds. That was what the Canadian investor had to pay for our regard for the United States economy.

What we want, Mr. Speaker, is an honest dollar. That is my plea tonight. The moment you build an artificial structure under your money you are affecting the whole basis of your economy. I think I have had sufficient experience to be able to labour that point if I cared to do so, because it is not a question of where you are going to nail this dollar. We had a tremendous trading advantage, a trading advantage in the markets of the world. So long as the United States dollar was accepted as the standard of value, all the markets of the world lay open to us. It is all right to say that we would have bought less from Great Britain or that the British exporter would not have had the same access to our markets. I fail to see that, if the United States dollar remained at the standard value of $1.10.

In other words, the greatest advantage any nation possesses is the right to regulate its currency in relation to its trading advantages in the world's markets. I suppose that is one reason why the top-heavy influence at Bretton Woods and the international bank determined that no country could depreciate its currency by more than ten per cent without the consent of the bank; but Canada was in a very strategic position. We had a ninety cent dollar to go into the bank with, which by the same token would provide us with the right of devaluing that dollar still further. In other words, we could not have an eighty-one cent dollar.

It does not have the same effect on the home market. Just imagine what the Minister of Justice said this afternoon—that they levelled the Canadian dollar because of the tendency toward inflation in the United States. He said that our Canadian importers were buying larger quantities in that market because they feared inflation, and right on the very eve of the time they feared inflation most he said to Canadian importers, "Here is another ten cents on your dollar; go and buy more and more." So why would they not drain off more United States dollars? The government bonused the purchase of goods in the United States by adding that ten cents on. The proof of the pudding is in the eating, and we have discovered that by our interference with the true level of our dollar, by our interference with the desire to have an honest dollar, we have interfered with our whole internal economy. There was no cry from the gold mines or the basic producers before we levelled the dollar. Now that we have levelled the dollar, we have to have a group of bureaucrats going up and down the country checking the books of the gold producers to find out how much gold they have produced in a certain basic period in order that they may be entitled to the bonus which the government says is in store for them.

Last but by no means least—I tried to copy this as carefully as I can, and I believe I have it verbatim—the Minister of Justice said: "But it would be undesirable, I feel sure, having in mind public opinion in the United States, to have a situation arise such as this: that the people in the United States should be keeping their taxes up to the high levels they have now attained, and that Canada, not contributing toward European recovery by way of credits, should seize the opportunity to push her taxes down and cash in on the situation in such a way that we would inevitably be severely criticized and penalized by others."

I do not think there ever was a time in history when the United States had to lean upon the philanthropic attitude of the Dominion of Canada. Generally speaking, they have been able to forge ahead for themselves—as a matter of fact, a little too much so—and it is a sad commentary that our government was so much concerned about the economy of the United States, who today are looking for markets for their goods and trying to have someone drain off their dollars in order that they might return as purchasing power. It is, I say, a sad commentary that we should be so much concerned that we would feel that we were taking advantage of them by pushing our taxes down. It is a most unfortunate fact, but all Canada is to be penalized because the United States dollar or the United States tax rate is not lower.

The minister forgets, although he made some comparisons, that income taxes are much lower federally in the United States than in Canada. He was inclined to confuse the issue by introducing a note with respect to state taxes. There are other things he overlooks: for instance, the fact that a motor-car of the same manufacture costs from $600 to $900 less in the United States than it does in Canada. We are paying a very fine price for our tie-in with the United States economy.

I certainly wish to do everything in a co-operative sense so that we may carry on together; nevertheless this country offers a great challenge to everyone, and when the minister seeks to fix our Canadian dollar at par with the United States, I resent very much his interference with the natural flow of trade and the placing of a 25 per cent embargo or restriction or excise tax on the Canadian dollar in the home market because, he says in effect, our dollar is worth 100 cents in the United States market. After all, this is a mere joke because our Canadian dollar is discounted at as high as fifteen per cent in a neighbouring city like Buffalo. He says that our Canadian dollar will be held at par in the United States markets, but by the same token he says it is worth only seventy-five cents in the home market in Canada.

I say to the government: If that is your idea of providing an incentive for Canadian producers; if that is your idea of providing more take-home pay for the worker in industry; if that is your idea of giving our farmers a break, then it will be written in history that it is the best formula you had to offer. But I think our people are entitled to a better break than that, particularly our farmers; and I plead on their behalf, because I like to feel that I am their spokesman in this House of Commons in so far as I represent them in my riding. I plead that they be given a larger exemption in respect of income tax than is generally provided for other citizens.

You may say that this is difficult to work out, but the Minister of Justice put ideas into my head. He said that huge surpluses did not go to cabinet ministers. I never thought they did, but he suggested it. Well, they have provided $500 more in the way of exemption for those of sixty-five years of age and over, and it does seem to me that a larger exemption for farmers can be justified,

because the farmer and his family all contribute to the welfare of their enterprise, no matter how small the individual share may be. I can remember as a boy seven years of age working on the farm, when I first learned to milk and to help to look after dairy cows. No matter how small the individual's share may be, they all play their part; and I think the government would be making a fine contribution, something that would be greatly appreciated by our farmers, if they fixed the exemption for farmers at a higher level than that accorded other classes, having regard to this one example I have given, where all the members of the family contribute to the family income.

Another thing I should like to see dealt with is this. I would make sure that this disability with respect to married women was removed. Only this government could think of a scheme like that, whereby they treat married women in a different class from other citizens. They say in effect, "You as a married man will have an exemption of $1,500, but if your wife has an income of over $250 you will deduct from your normal exemption the excess she has over $250."

That, too, has a restraining effect on the contribution married women could make, particularly in hospitals and in other fields of endeavour, and it is unfair. I do not think any married man would object to paying his tax on the basis of a single man if his wife had a taxable income, and no one other than this government could think of a deal of that kind whereby they charge a man a luxury tax for having a wife who has an income.

Another thing I am greatly concerned about is this. There is in effect, on the statutes of the country, a law which provides that every person must accept the family allowance. In making that statement some time ago, the Minister of Justice, then minister of finance, said it was not compulsory. It is not compulsory, but if you do not take it they will say you have taken it anyway. How will you get out from under? I do not think it is fair, and I suggest that there should be a certain level, say $3,000 or something like that, beyond which one would not be required to accept the family allowance unless he cared to do so.

The family allowance is something I have been inclined to criticize, not so much the benefits provided as the administration of it. I still feel that it was wrong in the first instance. I feel that the dominion government should have passed enabling legislation, so that any provinces which wanted to take advantage of the family allowances could have passed the necessary legislation to bring themselves within its influence. The administration then would have been provided through the present social service set-ups within the provincial governments, through that of the old age pension and the mothers allowance. But no. We have now a unitary system and it is bad for this country. Dual administration would have been much better; because I am not too sure but that the time may come when those who are probably a little more radical than even the Liberals may bid for votes on an increase in family allowances, and hon. members can see just how dangerous it may be. So I feel that there is room for adjustment there. I would certainly plead with the government to give consideration to that particular phase of our economy.

In closing, may I say I feel that the government should give immediate consideration to the references made by the hon. member for Humboldt to our vast resources. Certainly we have there an opportunity to provide something by way of leadership for our people, to encourage them to roll back our great frontiers and to benefit by the rich resources of the nation. Those resources can be turned to good account by providing our people with the services and other securities they are looking for.

Recently some of us, while guests of the board of trade of the city of Toronto, were privileged to visit Sunnybrook military hospital. That is a remarkable institution. There are miles of corridors. It covers acres of ground, and I understand that it will cost, when completed, between $7,500,000 and $9,000,000.

Mr. FOURNIER (Hull): How much?

Mr. CASE: Between $7,500,000 and $9,000,000, I understand. But it will provide a haven for over 900 veterans. It is a marvellous institution and certainly is a tribute to those who conceived the idea of it and those who brought it into being. It was one of the highlights of our trip. When I think of what can be done for the benefit of mankind just with money, I certainly would urge this government to do everything in their power to encourage the development of our vast resources, in order that they may be processed and exploited for the benefit of mankind. I am one of those who believe that we have a perfect right to exploit our natural resources for this day and generation, provided that we replace the replaceable resources so that those who are yet to come may enjoy some of the same advantages that we enjoy. But I believe that this government could give greater leadership and could inspire our people to greater heights.

When I think of the reference made by the Minister of Finance in his budget speech to building up a surplus because of the unfor-

tunate international situation which might lead to greater requirements for armed services, I think that is just about the poorest excuse for a surplus I ever heard of in my life; because we could not budget for enough, in anticipation of what might be before us, to maintain an army in the field for thirty days, if war ever breaks again; and God help us if it does. It will certainly be a war of survival, and it will take more than the present finance minister's budgets and surpluses and everything else to save mankind. The thing is to bring to our people some degree of relief at the present moment, and to budget so that they will throw off the shackles of burdensome taxation, exercise their God-given freedom, enjoy some degree of enthusiasm and develop their ambitions to provide this country with the productive capacity of which I know it is fully capable.

Mr. F. S. ZAPLITNY (Dauphin): With very much of what the hon. member for Grey North (Mr. Case) has just said, Mr. Speaker, I find myself in agreement. It is unfortunate that we do not hear more speeches of that character from my hon. friends to the right, and I shall have something to say about that a little later on.

One thing apparently that the public as a whole is agreed upon is this. There is general disappointment with the budget of 1948. Some of the newspapers have called it the "vinegar" budget, perhaps owing to the removal of the tax on spirits which go into vinegar. Others have called it the "black" budget. But it has been generally agreed that this budget has not been a satisfactory one so far as the people of Canada are concerned. What the reasons are for that I will not at this time enumerate, because they have been mentioned by others. We might perhaps look behind the scenes a bit and find out from where the Minister of Finance (Mr. Abbott) has been receiving advice in connection with fiscal policy. I have in my hand an excerpt from a newsletter which is called the *Letter Review,* published by the Review Company of Fort Erie North, Ontario. It is dated February 9, 1948. This is a leaflet which comes through the mail to all members of the house and which, to my mind, is one of the most reactionary pieces of literature I ever saw. This is the advice which was handed out, and I quote it because it happens to coincide closely with the attitude of the finance minister:

> Inflationary pressure, as it affects the price of the necessities of life, does not arise from excessive purchasing power on the part of the few, but from excessive purchasing power in the hands of the masses.

So says this *Letter Review.* Then it goes on:

> A government which proposes to use fiscal machinery for the relief of inflationary pressures has to start out by imposing unpopular taxation where it will hurt most, not by silly attempts to tax where it will hurt least.

The import of that, of course, is that the finance minister is being advised to tax the masses of the people, as they describe them, who have, in the opinion of the *Letter Review,* too much money to spend. Of course the figures given in this house yesterday evening by the hon. member for Winnipeg North Centre (Mr. Knowles) completely disprove that premise, because he proved in figures that the large majority of the people of this country do not have too much money to spend. It appears to me that the Minister of Finance has accepted that advice and has been using the fiscal policy of this country to extract still more money from the people in the lower income brackets rather than going for it where the money actually is. I should like to quote, too, an opinion as to the condition of affairs in this country by a person who, I think, will be accepted by the members of the Liberal party as somewhat of an authority on Liberal policy. I refer to Hon. Stuart Garson, Premier of Manitoba. This appears in a publication entitled *The Canadian Liberal,* and published under date of "Spring, 1948." I suppose it is a quarterly publication, and this is the most recent issue. In that journal Premier Garson has this to say about Canada:

> . . . Canada today
>
> (1) has no national social security program;
>
> (2) has no national public investment program . . .
>
> (4) still has overlapping old age pensions administration;
>
> (5) still has overlapping three-way responsibility for relief, which in the depression of the 1930's was disastrous to the municipalities and the provinces;
>
> (6) still faces a complete lack of co-ordination in the efforts of ten different governments to combat any future depression communicated from the outside world.

Then this significant paragraph appears further on:

> The enemies of our democracy could not devise an argument against it more persuasive than the conditions of governmental confusion and frustration in this country in the 1930's. Today free society is under savage attack. Why should we, by our inertia, reduce its defences?

Those words by the Premier of Manitoba are as strong as need be used to point out that again the government is following a policy of drift and laissez faire, and is making no plans whatever for the future. For this reason the members of the party with which

I am associated decided to move an amendment. We now have before the house the amendment moved by the official opposition, which says in short that the government no longer has the confidence of the country. We felt that was inadequate, because it is quite obvious that sitting in the opposition we would not have much confidence in the government ourselves, but we wanted to set out why we feel the government has not the confidence of the people as a whole.

So our amendment sets out what I think are constructive proposals, which may be summarized in these words. We suggest: first, that the government take action to raise the exemption levels for taxation purposes to $1,250 for single persons and $2,500 for married persons; second, that they remove or substantially reduce indirect or hidden taxes such as the sales tax and the excise tax, about which I shall have more to say later; third, that they launch a program of public investment designed to expand industry, particularly in western Canada, and channel investment into socially desirable fields such as the building of homes; fourth, that they balance and stabilize the Canadian economy by controlling prices of consumer goods and reducing the cost of production for Canadian agriculture. I believe those four proposals summarize what the people of Canada are today asking the government to do.

I need not take up more time in discussing the budget itself, because what I have already said and what has been said by the members of this group constitute our criticism of and also our alternatives to the budget proposals. The remainder of the time at my disposal I should like to devote to a reply to some of the statements which have been made by some members of the Progressive Conservative party, particularly the hon. member for Eglinton (Mr. Fleming), who spoke on May 24. I do this, not because I wish to approach this discussion in a spirit of political phlebotomy, but because the members of the Progressive Conservative party have gone out of their way within the last three or four days to criticize rather severely the C.C.F. and, I think more or less unfairly, to attack the C.C.F. party as being connected with some subversive forces in this country, or something of that sort. They have made statements which in my opinion must be answered; otherwise the country may get the impression that the statements are correct. What I have to say will be said in a kindly fashion, because I have many good friends to my right whom personally I like very much; but because I disagree with the opinions they have expressed and because I wish to correct their statements, it will be necessary for me to refer to what they have said; and I hope they will take it in the spirit in which it is given.

The hon. member for Eglinton began by saying that the government is falling into line with the socialist philosophy, as he called it, of the managed economy. I shall quote directly from his speech, to be sure I do not misrepresent what he said. At page 4320 of *Hansard* he used these words:

> This managed economy idea is of the essence of socialism. The socialists believe in the managed economy.

Let us have a word on this question of managed economy. You know the trouble with a great many slogans and catchwords is that when they go out, well trimmed up, they may sound quite evil and sinister, when actually they may be very innocent. In its essence, what is a managed economy? Surely even the hon. member for Eglinton would not get up in this house and argue for a mismanaged economy or one that is not managed at all. He would admit that management is necessary in the affairs of the country in much the same way that management is necessary in the affairs of our daily life. What he appears to object to, if I understand him correctly, is the government having any hand in managing the over-all affairs of the nation. Rather, it appears to me, he would favour allowing the so-called forces of free enterprise, supply and demand and so on, to act by themselves in a sort of vacuum, with checks and balances supplying the answer.

I suppose that is a perfectly sincere view, and he is entitled to it; but let me refer him to a statement I find in an interesting little book entitled "John Bracken Says", which was published in 1944, just before the election. The leader of the opposition, at that time not yet a member of this house, was discussing agriculture. It is quite true he did not use the words "managed economy", but this is what he did say; and before I read it I want to say that I agree with him. At page 132 he said:

> What do I mean when I speak of guaranteeing the farmer against income fluctuation? I mean simply this: that the farmers, as a producing section of our population, shall receive their proportionate share of the national income of the country—a small income should the nation's income be small, and a proportionate share if it be large—a proportionate share, based on the number of people working on farms. That includes farm operators and farm workers.

How would anyone go about giving the farmers a proportionate share of the national income in an unmanaged economy? Surely, if the hon. member were going to carry out

this promise and make it good to the Canadian farmers he would need to have some control over the affairs of the country, not only over the agricultural economy but over all the other things that enter into production on the farms. Then he continues, using that awful word "plan", and says:

> The plan will, at the beginning, be applied to the more important farm products, and will be extended as rapidly as possible to cover the whole field of production in agriculture and other food products, including fish.

As I said before, I agree with the leader of the opposition that the agricultural population of the country is entitled to its fair proportion of the national income; but I do not see how anyone assuming power in this country could make good on that promise unless he were to assume a certain amount of control over the national economy. If the leader of the opposition ever did come to power I am sure one of the first things he would have to do in order to carry out this promise would be to repudiate the philosophy of the hon. member for Eglinton and those who agree with him.

I shall refer to that question again later on, but now I want to come to another matter. The hon. member for Eglinton and some other speakers to my right have been having a real field day talking about socialism, communism and matters of that kind, and have made quite an attempt to link up the communist party with the C.C.F., using, if you please, as an authority some statements by Tim Buck. It seems strange that they would use him as an authority when it suits their purpose, but will not believe him at any other time. I want to refer them to something, and I do so because it is so easy to make statements and attacks of this kind. Just because Tim Buck happened to say that in his opinion the communists should vote for a certain party, *ipso facto* the hon. member for Eglinton takes that to be the gospel. I would not be so sure. I have here a clipping which dates back to about 1942, and which appeared in the Winnipeg *Free Press*. It reports a meeting at Massey Hall, at which the leader of the communist party, Tim Buck, was present—this was at the time the communist party was banned—and the then premier of Ontario, Mr. Hepburn. Then, if you please, the third member on the platform with Mr. Buck was—well, let me quote from the clipping:

> In addition to the premier and Mr. Buck, speakers included Leopold Macaulay, conservative member of the Ontario legislature for York South.

Incidentally the purpose of the meeting was to urge that the ban on the communist party be lifted. Does this mean that Mr. Hepburn and Mr. Macaulay are communists?

Mr. ADAMSON: What date was that?

Mr. ZAPLITNY: It was 1942. Nor does it mean that the communist party was going to vote for these gentlemen at the next election, or vote for them in any other election, just because they happened to be on the same platform that night. I would not say so. They were there because they all agreed on something. Incidentally the C.C.F. did not have a man on the platform, apparently, while the other two parties had. But to attack the C.C.F. for things which are much more innocent than that is, in my view, unfair, and taking advantage of catchwords and slogans which do not add to any party's reputation.

While I am on the subject, I should like to refer to the answer made in the Windsor *Star* by Mr. Cameron, who made an extensive study and wrote articles on this question of communism, and the cure for communism. He said this:

> There is no cure for communism because communism is not a disease; it is a symptom. It is an expression of the vast unrest that permeates all the people of the world not excepting our own, as the result of the moral, spiritual and economic breakdown of bourgeois capitalism.

That might give us something to think about. Instead of going around accusing each other of communism, I think we should go to work to erect a new structure to replace the breakdown of capitalism, go about it seriously, and be willing to co-operate with each other.

Hon. members of the Progressive Conservative party should realize that when they attack socialism and when they attack the system which now exists in Great Britain, New Zealand, Australia and some of the Scandinavian countries they are not doing any good to the world, that indeed they are doing it immeasurable harm. In all these areas the people have got together, and in a democratic way have elected governments which, in their opinion, are applying a correct policy. It is not adding to the good will of the world, or to the good will in any democratic country when people go out and attack a political system just because they happen to be in disagreement with it; and then link it up with communism or with any other old thing in order to smear it and blacken its name. I do not think it is good either for democracy, for progress or for any of the things which hon. members in this house profess to support.

I should like to quote briefly from some authorities who deal with this question of socialism and whom I would much rather

accept than the spokesmen of the Progressive Conservative party, or anyone who believes the way they do.

For example, the late Archbishop of York, William Temple, said this:

> The vast system of beliefs, practices and policies which may roughly be called western civilization . . . was admirably adapted to the production of wealth and power. But its motives were non-Christian, self-interest, competition, the struggle of rival forces. If it is to be a blessing, not a blight, its motives must be transformed.

There was a man who was not afraid of progress, who was not afraid to call a spade a spade. He saw the structure of the capitalist society going in the wrong direction, and said that its motives should be transformed—which is exactly what the C.C.F. is advocating.

Then we have the Papal Encyclical of 1931, in which Pope Pius XI said this:

> You assuredly know and lament the ultimate consequences of this individualistic spirit in economic affairs. Free competition is dead; economic dictatorship has taken its place. Unbridled ambition for domination has taken its place. Unbridled ambition for domination has succeeded the desire for gain; the whole economic life has become hard, cruel and relentless in a ghastly measure.
>
> It is rightly contended that certain forms of property must be reserved to the state since they carry with them an opportunity for domination too great to be left to private individuals without injury to the community at large.

I say again that here we have an expression of opinion from a disinterested party, one who is not interested in politics as such but who advises perhaps the largest single unit of faith on earth, that the system which we term capitalism, because of the results it has produced must be changed in certain respects, and he goes so far even as to suggest certain fundamental changes. Surely we are not so small in this parliament as to oppose progress just because someone calls it socialism.

I wish it were possible for us to drop all the old slogans and all the old names, because I am sure we would be surprised at how much common ground we would find among ourselves. Hon. members of the Progressive Conservative party, such as the hon. member for Davenport (Mr. MacNicol) and the hon. member for Broadview (Mr. Church) have risen in the house and advocated public ownership of public utilities such as telephone systems. Other members of the same party, perhaps in a disguised form, perhaps in a form which they themselves did not recognize, have advocated socialism in the house. In spite of the arguments they used against the Canadian wheat board, when the question was put to the house they voted for it. This is another method of doing something collectively which cannot be done individually. In other words, the whole membership of the House of Commons has been going toward what might be described as a socialistic system—and I hesitate to use the word because it antagonizes some hon. members. But actually what we are working toward is a system of co-operation. We are replacing the system of competition and rivalry and cutthroat business practice by a system of co-operation and doing collectively what cannot be done individually.

Call it what you like. We of the C.C.F. call it democratic socialism, and we are attacked for it. Other hon. members must realize they are advocating the same thing, only they have not attached the same name to it.

I come to a quotation from the Roman Catholic hierarchy of Saskatchewan in 1934 which states:

> It is abundantly clear why the church condemns and abhors the abuses of the materialistic capitalism of our industrial age with its consequent unemployment for the masses and huge fortunes for the few. These evils are so well known that we are saved the trouble of listing them here. Suffice it to say that materialistic capitalism is so un-Christian in its philosophy and evil consequence that it must give way to a reconstructed social order based on Christian principles.

What language could be stronger than that? Again it comes from a source which does not take sides politically, but it is sincerely advising its people to be bold enough and to have the spirit of the pioneer to go out into new systems to see if they cannot improve their conditions.

Finally, from the United Church report of 1939 we find this as part of the report of the social service committee of that church:

> We are driven to the conclusion that the only thing that will solve our present day social and economic problems will be the absolute Christian socialization of the means of production and distribution of all the necessities of life

There again we find the word "socialization" used. Immediately someone will say, "they mean that the government should take everything over and that everything should be state-owned". Of course it does not mean that. Socialization of the means of production and distribution does not necessarily involve state ownership, nor does it even necessarily involve public ownership in its various forms. But it means that the methods of production and distribution shall serve the ends of society as a whole. That is why the word "socialization"

is used. It means the socialization of the motive for which things are done. Instead of things being done for profit, the future motive should be to serve the public, the community, society as a whole.

With these authorities before us, surely no one in the house or elsewhere would seriously attack socialism. Whether they agree or do not agree with the methods which the C.C.F. would use to bring about a spirit of co-operation and good will, surely they cannot disagree that these principles are supported by the greatest spiritual and moral authorities on earth.

I go on to another term which has been bandied around, and that is paternalism. The hon. member for Lanark (Mr. Blair) and the hon. member for Eglinton (Mr. Fleming) said they were opposed to paternalism creeping into the affairs of this country. What is paternalism? The dictionary meaning of it is, anything done in a fatherly way. I do not know why anyone should object strenuously if the government wants to be a father, provided that it does not use the rod too often.

But for the Progressive Conservative party to object to paternalism would be funny if it were not so tragic. We know the history of the tariff structure in this country. We know it was a Conservative prime minister back in 1878 who started the first real tariff wall in this country which exists today, and which governments since then have continued in some modified form. In 1855 in this country we had reciprocity with the United States, which was ended in 1866 because of certain things done by Sir Alexander Galt in 1859. In 1878 Sir John A. Macdonald came out with what is called the national policy. In his opinion it was necessary to set up a tariff structure to prevent manufactured goods from coming into this country so that our own manufacturing industries could get a start.

That system has been extended in different forms. One government would bring the tariff down a little and another would raise it a little bit. Under the Bennett administration we had the highest tariff structure ever in this country. If that is not paternalism I should like to know what is.

How many members of the Progressive Conservative party would say they would favour the removal of all tariffs so far as Canada is concerned? The silence, Mr. Speaker, speaks for itself. There is not one. They are all in favour of paternalism when it comes to the protection of industry, and perhaps they have something there. But why should they attack the government or the C.C.F. because we wish to do something for the other people in this country? There again a term is used without much thought being given to its meaning.

I want to come a little closer and grapple with the question of the sales tax. The hon. member for Eglinton worked himself into quite a lather over the sales tax. He called it a plunder and other words which I do not wish to use because they were not well received by the Chair. What is the record? Why should the hon. member get so excited about it? The record is here. In 1930 the sales tax stood at one per cent. The Bennett administration came into power and in 1931 raised the sales tax to four per cent, and in 1932, to six per cent. In 1935 the Liberal administration came back and raised the sales tax to eight per cent in 1936. There is the history of the sales tax, pure and simple, for everyone to read.

Mr. GARDINER: It goes back farther than that.

Mr. ZAPLITNY: Yes, I could start at zero instead of one per cent.

Mr. GARDINER: You could have started at six per cent earlier than the year you first mentioned.

Mr. ZAPLITNY: It was raised to six per cent by the Conservative administration, or by 600 per cent as compared with 1930. Hon. members of the Progressive Conservative party may say they were not responsible for that, and they would be correct. But the hon. member for Rosedale (Mr. Jackman), speaking in this house on July 9, 1946, had this to say of the sales tax:

> Very few of our people today know there is already a sales tax imposed at the wholesale level. Such a tax does not discourage the worker from working, and there is fairness in a tax policy based on the principle that the more one spends, the more one pays.

I do not agree with him there. He went on:

> There is nothing obligatory about paying a tax if one does not purchase.

It appears that the Progressive Conservatives have found a new solution for dodging the sales tax—stop buying. If you do not buy you do not pay the sales tax. But most of us are accustomed to eating and doing things of that sort.

I come now to another statement which I think is quite illuminating. The hon. member for Eglinton talked about social security. I agree with him that we have need of a comprehensive program of social security in this country. The hon. member for Dufferin-Simcoe (Mr. Rowe), speaking in this house in 1946, said at page 1751 of *Hansard* of that year:

> Leading economists tell us we shall have to increase our national income . . . by fifty per cent if we are to maintain these new types of fantastic Liberal policies.

Apparently he was not satisfied with what we were doing because these social services cost too much. I remember vividly the present leader of the opposition rising in his place not very long ago and saying that billion dollar spending must stop. If we were to stop billion dollar spending there would be precious little left for social security. But while attacking the C.C.F., the Progressive Conservatives have forgotten their own record.

I come to something else which will be really interesting to the Progressive Conservative party. I have already pointed out certain contradictions in what they have suggested, but perhaps the crowning one is in what they have done rather in what they have said. In 1942 that party chose a new leader, and only that party could have chosen for its leader a man whom they had described only a few years before as a complete failure.

Mr. GIBSON (Comox-Alberni): I thought he was from Manitoba?

Mr. ZAPLITNY: That is right. That is why he left Manitoba, to take the leadership of the Progressive Conservative party. Here is a document which is probably the only one of its kind in captivity. It starts out with a bold headline, "The Bracken Government Has Failed The Farmer!" It goes on to say:

The Conservative party has always claimed that under Mr. Bracken the farmer was getting a raw deal, but never expected Mr. Bracken would admit it.

And further:

Fourteen years ago Mr. Bracken and his party were elected on the promise to aid agriculture and reduce the cost of government.

Fourteen years later Mr. Bracken, who has always claimed to be the friend of the farmer, admits that agriculture has not had a square deal; and admits he cannot reduce the cost of government.

It goes on:

What can you expect from Mr. Bracken who in fourteen years has failed—

Failed to do what? Failed:

To reduce the burden of your municipal taxes and municipal debt.

To reduce the interest burden on the provincial debt.

To reduce the cost of government.

That awful phrase again!

To provide hydro-electrical services to rural Manitoba at low cost.

To ensure a fixed price for your wheat.

This is the first time I have heard criticism of a provincial premier for having failed to ensure a fixed price—a fixed price, of all things—by a party which does not believe in a managed economy! It goes on:

The Bracken government has penalized the wage earner and all people with small incomes.

[Mr. Zaplitny.]

He was then described as "Two per cent Bracken". It goes on:

The two per cent wage tax must be abolished. Cost of government must be reduced.

By whom was this published? It was published by the Conservative Association of Manitoba. Here was a glaring case of a party, after having completely destroyed the reputation of a man whom it had described as a complete failure to agriculture and the wage earners, then, with that characteristic contradiction of terms which they always use, electing him as leader of their party.

Mr. MUTCH: Will the hon. gentleman tell us the date of that?

Mr. ZAPLITNY: My hon. friend reminds me that it was not the Progressive Conservatives at that time. They have become progressive since then.

Mr. MUTCH: What is the date of it?

Mr. ZAPLITNY: As a matter of fact, there is no date on the document. It might have been published yesterday, but I wish to be fair—

Mr. SINCLAIR: They are still saying the same thing.

Mr. ZAPLITNY: I wish to be fair. There is no date on the document, but I know when it was published, because there happened to be a provincial election in Manitoba at that time. It was in 1936.

Mr. MUTCH: Is that from the manifesto of 1936?

Mr. ZAPLITNY: Yes.

Mr. SINCLAIR: It may still be the manifesto of 1948.

Mr. ZAPLITNY: On the back of this document is the Conservative platform; on the front is this attack on the premier of Manitoba of that day.

Mr. MUTCH: They still feel the same way in Manitoba.

Mr. SINCLAIR: The Manitoba Tories still feel the same way.

Mr. ZAPLITNY: The reason I am putting these things on the record is, as I said earlier, not that I wish to engage in any carping criticism, or any battle of words with the Conservatives—

Mr. SKEY: Never.

Mr. ZAPLITNY: I wish to point out that they have been making certain statements about the C.C.F. in the last few days; as a matter of fact, in the last few years. They

have made it their theme song in this debate, and it is necessary to examine the background of a party, so that one may assess whether he can attach any importance to what they say at any time, because if Mr. Bracken was a failure in Manitoba—

Mr. SINCLAIR: If!

Mr. ZAPLITNY: —in the opinion of the Conservative party, then they made the greatest mistake of their lives when they appointed him as their leader.

Mr. SINCLAIR: He was the best they could get.

Mr. ZAPLITNY: If he was not a failure in Manitoba, then the Conservative party at that time were not telling the truth. Therefore, from whichever way you take it, it becomes clear that no one can attach very much importance or credence to what the Progressive Conservative party say in that respect at least.

Mr. MUTCH: What makes you think they do?

Mr. SKEY: I do not think they attach any importance to the remarks of the hon. member.

Mr. ZAPLITNY: Of course that is your own privilege, but I have given hon. members to my right every opportunity to deny it if they want to, and to repudiate it if it is not true, and not one of them has said it is not true. I give them the opportunity now, if they wish to rise and repudiate the statement that Mr. Bracken was a failure. They do not do so.

Mr. SINCLAIR: The whole party is silent.

Mr. SKEY: Mr. Bracken is not here at the moment.

Mr. ZAPLITNY: I want to make it clear, Mr. Speaker, that I am not attacking the leader of the opposition (Mr. Bracken). As a matter of fact, I have not said one word which could be construed as attacking him.

Mr. SINCLAIR: Quite right.

Mr. ZAPLITNY: This document put out by the Conservative Association of Manitoba attacked him. As I said, the reason I am putting this on the record is that the people who read the debates of the House of Commons and who read the press may be able properly to assess the amount of credence and weight that can be given to the statements of the Progressive Conservative party, which first abuses a man, destroys him, and then elects him as leader of their own party.

I now want to refer to another matter—

Mr. PROBE: Here they come in.

Mr. ROSS (Souris): Repeat it; we have missed it.

Mr. ZAPLITNY: What I am going to say now will be a little more pleasant to the ears of my hon. friends to the right—

Mr. ROSS (Souris): We just consider where it comes from.

Mr. ZAPLITNY: —but it may not be quite so pleasant to my hon. friends across the way. We have been getting a lot of information recently. This is an article which appeared in a journal and was written by Mr. Tom Horabin, who was for eleven years the chief Liberal whip in the British House of Commons. I wish to quote from this to show what it will be necessary for the people of Canada to believe in, if they wish progress, regardless of whether they call themselves Liberals or Progressives or anything else, people who believe in taking the steps which will consolidate the gains we have made in our social services, extend them and also find some new social motive for production and distribution.

As most hon. members know, Mr. Horabin left the Liberal party and joined the Labour party, and he explains it in this way:

> My decision to leave the Liberal party, and subsequently join the Labour party was not easy; I was naturally reluctant to sever association with old political friends, but I was faced, as every Liberal is faced today, by a moral issue which cannot be evaded.

I wish to commend that to my Liberal friends across the way, particularly the private members. Then Mr. Horabin goes on to say:

> Throughout this parliament the Labour government and the Labour party have shown their determination to preserve the essential freedoms, of speech, press, and association. At the same time they have shown their determination to add to these another essential freedom, which the Tories don't like, economic freedom for every man, woman and child in the country—and in this the Labour government is succeeding.

It is heartening to hear words of that type coming from a Liberal member of the British House of Commons.

Mr. SINCLAIR: An apostate.

Mr. ZAPLITNY: I would not want to quote from a statement of a Labour member, because naturally it would be said that he would not say anything about any government of which he was a supporter. Mr. Horabin was for eleven years the chief Liberal whip, and he now says these things about the Labour government. Then he goes on to say:

> By their policy of full employment, control of the cost of living through food subsidies, social services that ensure adequate allowances when people are too old, or sick or for some other reason cannot work, the Labour govern-

ment are removing the fear of want for the first time from the lives of the British people.

Every Liberal who wants to carry out liberal principles in the context of the modern world must of necessity vote Labour and fight the Tories to the death.

I am not going to suggest that the Liberals of this country should fight the Tories to the death; we are not going to take our politics that seriously, but I want to impress the Liberals with this, that what is happening over in Great Britain is the exact reverse of what is happening in this country, because, instead of the true Liberals, those who are progressive in the best sense of the word, going in the direction that they have to go if they are to carry out Liberal principles, they are in the various provinces across this country joining with the Conservative party to form coalition governments. I want to say this in a friendly way, that that type of policy will prove in the long run disastrous to the Liberal party in this country, because they have come to the stage where they have either to continue along the road of progress or to join a party which, in all its history and in all its beliefs, does not believe in going forward but is a party of the past.

The ACTING SPEAKER (Mr. Golding): I must remind the hon. member that his time has expired.

Mr. SINCLAIR: Will the hon. member permit one question? The hon. member was speaking of a coalition of Tories and Liberals. Bad as that may be, does he think it is quite as bad as the present coalition between the C.C.F. and the communists?

Mr. PROBE: That is a dirty lie.

Mr. CASTLEDEN: There is no such coalition, and the hon. member knows it.

The ACTING SPEAKER (Mr. Golding): The hon. member for Bruce has the floor.

Mr. ZAPLITNY: Will the hon. member permit me to answer the question?

Mr. A. E. ROBINSON (Bruce): Mr. Speaker, in rising to take part in the debate on the budget, if it is permissible to call such a thing a budget—

Mr. CASTLEDEN: On a point of privilege, I think a question was directed to the hon. member for Dauphin (Mr. Zaplitny).

The ACTING SPEAKER (Mr. Golding): Order.

Mr. CASTLEDEN: On a point of privilege, a certain accusation was made by the hon. member for Vancouver North (Mr. Sinclair), and the hon. member for Dauphin should be given the opportunity to reply.

[Mr. Zaplitny.]

Mr. ROSS (Souris): There is no point of privilege.

The ACTING SPEAKER (Mr. Golding): I would remind hon. members that the house is not in committee. The hon. member for Bruce has the floor.

Mr. ZAPLITNY: Will the hon. member allow me to answer the question?

Mr. ROBINSON (Bruce): I have to go by the chairman's ruling.

Mr. PROBE: The old coalition is at work again.

Mr. CASTLEDEN: There is no such coalition and the hon. member for Vancouver North knows it.

The ACTING SPEAKER (Mr. Golding): Order.

Mr. ROBINSON (Bruce): In rising to speak in this debate on the budget, if it is possible to call it a budget, I shall endeavour to bring out a few facts and suggestions which I think will be of benefit to the gentleman who brings in the budget the next time. The Minister of Finance (Mr. Abbott) should have stayed as Minister of National Defence, because I am sure that anybody who would venture to bring in a budget to make so many people throughout Canada mad has a great nerve, and at the present time that is what is required of a Minister of Defence for Canada.

I am told that probably I am the last speaker in the debate, but I want it understood that I am not the least. The hon. member for Dauphin (Mr. Zaplitny) referred to some remarks of the hon. member for Eglinton (Mr. Fleming) to the effect that the Liberals were following too much the tactics of the C.C.F. Well, we do not have to look back very far to find that the government have been exercising a lot of control, and, as I understand the tactics of the party to my left, they, too, exercise a lot of control in their own minds.

The only way in which I will attempt to answer the criticism, though I do not know that I should call it criticism, of the last speaker in regard to what he termed the Tory party—it is the Progressive Conservative party—is to say that we are very glad he is finding fault with us. I might also say that, call it democratic socialism, or C.C.F. or whatever you like, they are still after state control. The hon. gentleman who spoke last mentioned the communists. The communists also want state control. The only difference between those two parties is that, being both after

the same goal, they are jealous of each other. I may say, however, that in the provincial election in Ontario which is being held on June 7, Tim Buck and his followers are behind the C.C.F., and any remarks they make are along the line that if a C.C.F. government is elected in Ontario they will be giving them all the power of all their unmoral support which they are allowed to.

Mr. GILLIS: What has that to do with the budget?

Mr. ROBINSON (Bruce): Quite a bit, because we have listened to a lot of this stuff about Manitoba in the last few minutes. The last few words I said are more or less incidental, because I do not think this parliament will be bothered for many more years with such speeches as those we have heard in the last half hour.

Mr. GILLIS: Or the one we are listening to now.

Mr. ROBINSON (Bruce): Thank you. I have been sent here to represent one of the best counties in Canada.

Mr. McIVOR: Question.

Mr. ROBINSON (Bruce): That county is Bruce, and I am proud to be here representing it. I should like to give the house a few facts concerning the county. I see an hon. member smiling. He was born there and he knows that anything I say about it will be true. This year Bruce is 100 years old, and we are proud to say that Bruce has sent more pioneers to the four western provinces than has any other county in Canada.

I wish to say, Mr. Speaker, that we shall be holding a two-weeks home-coming in Bruce this year, and in due course all hon. members will receive an invitation to attend.

Mr. GRANT: The C.C.F. and all?

Mr. ROBINSON (Bruce): All hon. members of the House of Commons.

Mr. GRANT: The C.C.F. too?

Mr. ROBINSON (Bruce): Yes. I may say for the benefit of hon. members from the west that a special train will leave Vancouver on July 16, arriving in Bruce on the opening day of its centennial. According to the last reports, that special train will carry three sections when leaving Winnipeg.

Bruce county has 300 miles of shoreline and most of that takes in what is called the Bruce peninsula. That peninsula has been spoken of before as a model site for a national park, and I see that this year we are budgeting for $5,000,000 for national parks in Canada. I hope that the good people of that peninsula will see fit to have that district made into a national park and benefit to a certain extent from that $5,000,000.

Mr. HARRIS (Danforth): And the fishing is good.

Mr. ROBINSON (Bruce): Incidentally, the fishing is very good. The people in that county are looking forward to such a thing, because we have under reforestation over 12,000 acres of the district. We have also in Bruce a lot of good farming land. We are blessed with a good agricultural representative and assistants. Owing to the initiative of these representatives, we have tuberculosis testing in cattle under way, soil testing, warble fly control, barberry extermination, calf vaccination for Bang's disease and, as I have mentioned, reforestation, as well as fifteen calf clubs organized.

You can readily believe from what I have said, Mr. Speaker, that we have a wonderful county; nevertheless in the last seven years, the rural population has declined 3,385. This means that there are many empty houses in Bruce. It means that there is a good deal of land not producing to capacity for lack of help.

I charge this government with being responsible for these conditions. I charge the government with encouraging centralization over the last number of years. I can hardly see how the hon. member for Renfrew North (Mr. Warren) can expect ever to come back as a farmer member elected to the House of Commons in view of the record of the Liberal government so far as its treatment of farmers is concerned. The same applies to the hon. member for Grey-Bruce (Mr. Harris) and the hon. member for Huron-Perth (Mr. Golding).

For the good of Canada, whatever government is in power, it must concentrate on ways and means to encourage decentralization both in population and in power. The government must give greater exemptions in income tax to farmers for the long hours of work which the farmer himself puts in and the work done by his wife and family.

Speaking of exemptions from income tax, I would also suggest that the government consider exemptions up to $3,000 for all men and women up to the age of thirty. This is something new and is worthy of consideration by the Minister of Finance. It is sound not only because I thought of it myself, but the more I think of it the more worthy I think it is of consideration. I repeat that there should be an exemption up to $3,000 for all

men and women up to the age of thirty. By this, all those young people will save money enough to marry and raise families. Today there are couples who are afraid to get married on the small amount they can save. In my opinion the increasing of population by this method would be much more satisfactory than spending large sums on immigration. It would also do away with a lot of the illegitimate baby scandals we read about in different parts of Canada.

I wish to say a few words about the liquor problem we have in Canada. I know all hon. members will agree that the liquor problem is one of the major problems in Canada today, whether we like it or not.

Mr. GRANT: Oh, we like it.

An hon. MEMBER: We like it too much.

Mr. McCANN: That is not where the kick is.

Mr. MacNICOL: The best thing to do is to leave it alone.

Mr. ROBINSON (Bruce): In 1945 the dominion and provincial governments of Canada collected $163,386,017 in liquor taxes. A great deal of this tax was taken out of the poor unfortunate people who drink.

Some hon. MEMBERS: Oh, oh.

Mr. McCANN: Do not look across here.

Mr. ROBINSON (Bruce): These are my suggestions; first, lower the taxes on all alcoholic beverages.

Mr. GRANT: No.

An hon. MEMBER: More and better cocktails.

Mr. ROBINSON (Bruce): Second, earmark a good percentage of the taxes collected for temperance education in our schools. Third, lower the alcoholic content of our beer—

Some hon. MEMBERS: Oh, no.

Mr. ROBINSON (Bruce): —along the line of the United States content.

Mr. McCANN: Four point four; we tried that once.

Mr. MICHAUD: Nobody will drink it.

Mr. ROBINSON (Bruce): I might say that I had the privilege of spending two months in a camp in Pennsylvania, and the beer content was about two-thirds of the content in Canada today. But the men who drank that beer got just as much kick out of it, and had a lot more pleasure the next day than is experienced by those who drink beer with the content we have in Canada.

An hon. MEMBER: They must have weak stomachs.

Mr. ROBINSON (Bruce): To show that high prices do not curtail drinking, I wish to state that in 1893 when liquor was very cheap, the consumption of absolute alcohol per capita in Canada was 0·499 gallons; in 1945, with our high prices, the consumption was 0·630 gallons. These figures I have given might be larger if they were taken up to date. I may say that less liquor revenue would make all governments more interested in temperance education.

I wish to say just a few words about controls, from which we in Canada have suffered so much—

An hon. MEMBER: Birth control?

Mr. ROBINSON (Bruce): —and from which we would suffer more if we had a C.C.F. government. I know that the C.C.F. group on my left will not agree, because they wish state control of everything, the same as the Labour Progressive or communist party want.

Mr. KNOWLES: More nonsense.

Mr. ROBINSON (Bruce): Speaking of controls, may I say that from June 1, 1947, to the end of that year, all dairy products were taken out from under control except cheese. During that period, all dairy products except cheese increased in production. Butter alone increased 17,000,000 pounds in that time, compared with production in the same period of the year before. If those controls had not been on dairy products, this house and the senate would not have been debating the margarine bill, and wasting our time in doing so, as we have been doing.

To come back to party politics, I wish to say that in Bruce we have a good active federation of agriculture, and also a few co-operatives. Some people would lead one to believe that both these lean toward the party to the left, the C.C.F., but I think I am safe in saying that in Bruce there is no such calamity hanging over our heads.

An hon. MEMBER: Safe for another election.

Mr. ROBINSON (Bruce): I would also say, for the good of the federation of agriculture and of all co-operatives, that they must keep out of politics, according to past history, if they want to give us farmers the benefit of their organizations.

I wish to say just a few words about our two Indian reserves in Bruce. One of the chiefs was visiting me the other day. He was here in connection with the revision of the Indian Act. In my opinion our Canadian Indians

must be given more control in running their own affairs. They have proven capable in two wars; so why not give them the vote and let them have a say in running this country which was theirs before it was ours?

One of our biggest problems is inflation. What can we do about it? First, the government can drop the eight per cent sales tax on all the necessities of life. Second, industry can operate on a smaller profit. Third, labour can work longer hours for the same pay. Concerning longer hours, permit me to read this clipping, Mr. Speaker. It is headed, "A Farmer Views the Butter Shortage", and reads as follows:

The present shortage of butter and the many reasons advanced for the shortage, together with the many protests from the urban consumers prompts me to submit the primary producers' viewpoint, at least as this producer sees it. The Hon. Mr. Kennedy, and the Hon. Mr. Gardiner have each advanced their viewpoint as to the cause. These men should speak with authority. Also heads of various dairy firms have given their opinion, and in the meantime the urban householder goes without or spreads it thin.

While I am willing to concede that the reasons given by these various persons have a bearing on it; yet, in my opinion, they have all missed or avoided the real basic reason. If our urban friends wish to become acquainted with the real culprit, all they have to do is stand before a good mirror. It is all brought about because urban people have become obsessed with the thought the great ideal in life is less work and more pay for it. Over a course of years they have built up this thing till now they have the eight-hour, five-day week, and by systematic high pressure have been able to exact the same or more pay than formerly came from a whole week. With what result? Industry could absorb more labour. It steadily but surely drew to itself every rural worker that could be torn loose. Some of us have our roots deep in the soil and do not tear up very easily. To illustrate, in our particular area there are about twenty farms in a distance of three to four miles. Good farms, well built on. Every one has hydro, tractors, radio, a few have combines. Several of the homes compare favourably with a fair class urban home. A generation ago every farm was either a father and son set-up or a master and hired helper and some two hired helpers. Today not one hired helper in the outfit. The last one left about two years ago for an eight-hour job in town. Today most of these farms are one-man outfits, and several of these men are between sixty and seventy years of age. A few put in milking machines at an outlay of from three to five hundred dollars.

Many of the rest just let the calves do the milking and from these farms where once there went a steady supply of cream, today these farmers buy their own butter. Can you blame them? Can you blame the hired helper for going to the eight-hour job? I cannot. On Friday night the factory closes till Monday morning. What would happen if the farmer shut his stable door at five o'clock on Friday evening and said "Bye-bye bossies. See you Monday a.m."? Likewise with the hogs and hens? I have gone to some length to set it forth as we see it. And unless and until our urban friends become immunized against the virus which afflicts them with this short-day, short-week, fever, and begin to realize that work and production are what this country needs; until they come to realize this, they are on poor ground when they complain at the price of food which requires careful application six days a week and several hours on the seventh. Unless they are aroused to this, the situation will continue to grow worse until hunger shows it up in its true proportion.

I have just one more thing to discuss, and that is external affairs. I promise you, Mr. Speaker, that I will not talk about something that I do not know to be true. Let me quote a few sentences from a talk given by a Major Burns recently:

In both world wars we have in the end been obliged to impose conscription, and our defence system should be designed bearing in mind this twice-taught lesson . . . There were 730,625 men enlisted or drafted into the army; its peak strength early in 1944 was 495,804. There were about 251,000 in Europe about this time, and the establishment of the fighting formations (divisions and armoured brigades) was about 80,000.

Yet in November, 1944, the army was scraping the bottom of the barrel for reinforcements, after most of its formations had been fighting for only six months.

In view of the unsettled state of the world today, it might be wise to remember that line by Kipling, which I believe goes like this: "The blundering idiot stumbles toward the fire with his bandaged burnt finger." I was glad the other day to hear the Secretary of State for External Affairs (Mr. St. Laurent) say:

It may be that the free states, or some of them, will soon find it necessary to consult together on how best to establish a collective security league.

Let me also quote a few lines from what our Prime Minister (Mr. Mackenzie King) said recently:

It is always wise to try to anticipate all the possibilities before they arise. Then you do not find yourself embarrassed when the moment comes.

Well, after past experience, all I can say is that I hope we do not get our fingers burned again. I do not like compulsory service; perhaps that is because I have served voluntarily in two wars. I should like to see our government pay our servicemen wages high enough that, after serving, they would not be beholden to the people they defended, and for whom they had offered to lay down their lives. I believe every man and woman are worthy of their hire. I should like to see the servicemen given a break in peacetime, such as travelling warrants and many other things we can think of. If we offer some of those things the troops have been denied in

the past I am of the opinion that we shall have enough men come forward to the services voluntarily.

I should also like to see Canada enter into an extensive exchange of scholarships with every other nation in the world. I believe we have the machinery for this set-up at the present time under the united nations and through UNESCO, but the idea should be followed up. I know it is not new, but I do not believe it has been pushed as far as it should. It would be one of the greatest influences toward better understanding in the world, and would do more to bring peace than anything else I can think of.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I would be quite willing to see a vote on the C.C.F. amendment tonight but for the fact that, once that amendment is out of the way, there will not be much left to talk about. I should not like to be placed in the position of having to vote on the straight, anaemic amendment moved by the Conservative party. It seemed to me that they did not have much to talk about, or much to propose, or any serious objections to the budget, when they merely presented a motion stating that the people of this country have no confidence in the government. I would not want to spend much time in this house, or stay too long in the vacuum in which I live here in Ottawa, trying to tell anyone that I know very much about what the people of this country are thinking. So I am taking these fifteen minutes tonight for the purpose of drawing attention to the amendment moved by this party, and the amendment moved by the Conservative party.

Whether we like it or not, the budget is a document which required careful preparation. It is a bookkeeping statement presented each year by the government in order to set out the financial picture of the country; and in order to criticize it I think one must have something to suggest in its place. At least one must have certain points that he can suggest to the government should be brought in, and I cannot see my way clear to support an amendment which merely states that the people of this country have no confidence in the present government.

Mr. ROSS (Souris): Have you confidence?

Mr. GILLIS: I am not saying that, but I say I do not imagine the people of this country have any confidence in the people who proposed the amendment, either. I think that has been pretty clearly demonstrated all over this country. Go to British Columbia, Alberta, Saskatchewan or Nova Scotia; what has happened there to the Conservative party? It has just disappeared. The remnants have their arms around the neck of the government and are holding themselves up as coalitionists.

A few minutes ago the hon. member for Vancouver North (Mr. Sinclair) threw something at the hon. member for Dauphin (Mr. Zaplitny) just after he sat down, after having referred to the coalitions in force all over Canada today between the Conservatives and the Liberals, who are trying to hang on to the old, worn-out system. The hon. member for Vancouver North rose and asked, "Well, is that any worse than the coalition which exists between the C.C.F. and the communist party?" The hon. member for Dauphin was not permitted to reply, but the answer is this. I do not blame the hon. member for Vancouver North for being allergic to the situation out in British Columbia. From what I can gather through the grapevine, he expects to inherit the mess out there. He may have to lead the government there some time; and what a position to place a Liberal in, to sit him on the government benches with the remnants of the Tory party and have to make a deal with them as to the kind of legislation that should be passed! So that accounts for the suggestion he threw out, which he knows is absolutely incorrect, because in this house the hon. member for Rosetown-Biggar (Mr. Coldwell) and others have clearly stated the position of the C.C.F. with respect to the communist party.

Now I think we have had enough of that sort of thing.

An hon. MEMBER: I think so.

Mr. GILLIS: I do not blame you fellows for being jittery about that sort of subject, because you are very vulnerable. I would suggest that some of you older members brief the younger ones and tell them not to stick out their necks so often.

I want now to get around to the budget. As I said before, it required a great deal of preparation; and the Minister of Finance (Mr. Abbott) made a very good job of presenting it to the house. He was convinced, I think, that he was right. This afternoon the Minister of Justice (Mr. Ilsley), who had the job of looking after the Department of Finance all through the war, also did a good job. He made an excellent speech, and I am sorry that so far he is the only maritime member to have taken part in this debate. But I should like to say to my hon. friends over here to the extreme right that the Minister of Finance, charged with the responsibility of

doing his bookkeeping and keeping the country's financial set-up in balance under the mechanics of the society in which we live, did it in the only way open to him.

This afternoon the Minister of Justice made an excellent speech in support of a continuation of the status quo. He could not make any other kind of speech and be a private enterpriser. But I cannot understand how the hon. member over here in the Tory party who is supposed to be a better private enterpriser than any Liberal, can get up and object to the kind of statement brought down by the Minister of Finance or to the kind of speech made by the Minister of Justice this afternoon. I am giving those hon. gentlemen credit for supporting the mechanics of the society in which they believe; and I am only glad that this gang over here are not over there, because I know the budget would have been much worse. This business of saying, "We believe the people of this country no longer have confidence in the government," and stopping there shows clearly, as the speeches they have made show clearly, that there is very little in this budget with which they can quarrel. They quibble about it, but there has not been any constructive objection in opposition to it, and the amendment certainly—

An hon. MEMBER: We are listening to you.

Mr. GILLIS: And you will hear something before I have finished. I am only fooling with you yet.

Mr. ROSS (Souris): For sure?

Mr. GILLIS: And I will have thirty-five minutes of this tomorrow afternoon. The Progressive Conservative party has offered an amendment of only four lines to this 56-page document, an amendment which says that the people of this country have no confidence in the government. I speak tonight because I would not be able to speak on our amendment, had it gone to a vote tonight.

For the benefit of hon. members over here, I am going to read our amendment, because I am reasonably sure that most of them have not read it. And those who did hear it when it was moved by the hon. member for Rosetown-Biggar I am reasonably sure have forgotten it. Let me point this out, that I have heard a good deal of talk today about the low-income group, and that sort of stuff, which is pretty good political capital in this country. But if you will read our amendment, you will find that it says this:

> That the said amendment be amended by inserting after the word "government" and before the word "does" in the second line of the amendment, the following words: ". . . has failed to relieve the excessive burden of taxation on the low-income groups of the Canadian people:
>
> (a) By failing to increase the amounts of exemption from income tax from the present levels to $1,250 for single and $2,500 for married persons, and
>
> (b) By failing to remove or substantially reduce the burden of sales and excise taxes which bear most heavily on those suffering from low income and the present high cost of living.
>
> And further, the government has failed to establish a public investment board to assure the channelling of capital investment into socially desirable projects as a means of maintaining full employment, increasing production and raising the standard of living of the Canadian people, and . . ."

The hon. member for Muskoka-Ontario (Mr. Macdonnell) and other hon. members over here whom I have heard speak have picked on these very items—not the last one, of course—but on low-income groups, the sales tax and the excise tax. Why did they not include these things in their amendment? Why did they not ask for an amendment to the motion to adopt the budget by writing in specifically the things they believe the government has not done? That is one reason I say the official opposition should withdraw the amendment and get it out of the way. It is that trick of just a non-confidence motion with nothing behind it—it is so old that it has whiskers on it. There is no solution there. Why not just withdraw it and allow the subamendment to be the main amendment? Then hon. members of the Progressive Conservative party could stand behind the things they have said in the House of Commons—those few of them who have expressed any real opinions in regard to the budget.

An hon. MEMBER: Get down to business.

Mr. GILLIS: That is just a little advice I am giving my hon. friends. Let us try to get some clarification into this thing. Let us realize we are discussing a document that has a lot of meat in it. Let us write clearly into the amendment the things the government should have done and has not done. Then let us stand up here and be counted as to where we stand with respect to those points the government did not introduce.

With respect to relief for low-income groups, I have heard the statement made on several occasions by the Minister of Finance that the income tax in Canada is much lower than in the United States, and he placed on record in that connection a table showing the tax for unmarried persons in the country. That

table does not coincide with a table I have. I believe the one I have is reliable, because it comes from the *Financial Post* of April 17, 1948. This table gives the 1948 rates of taxation for a married man with two children, and gives a comparison of Canadian and United States rates. The table states that in the category I have mentioned the taxpayer in Canada pays $36, while in the same category in the United States he pays no tax. I am referring to the $2,000 bracket. Then, in the $4,000 bracket in Canada there is a tax of $430 and in the United States a tax of only $266. This is for a married man with two children. Then, for the $10,000 group the tax in Canada is $1,930, while in the United States it is $1,361. The same ratio carries right through to $25,000.

So that the argument that taxes are much lower in Canada than in the United States does not hold, if the table set out in this issue of the *Financial Post* is correct.

On motion of Mr. Gillis the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. KNOWLES: What is the business for tomorrow?

Mr. ABBOTT: Continue with the budget debate.

Mr. GRAYDON: And when we finish?

Mr. ABBOTT: Supply.

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

HOUSE OF COMMONS

Thursday, May 27, 1948

The house met at three o'clock.

HOUSING

PROVISION OF MARRIED QUARTERS FOR PERSONNEL OF ARMED SERVICES AND DEFENCE RESEARCH

Hon. BROOKE CLAXTON (Minister of National Defence): Mr. Speaker, because of its important relationship to the whole question of housing, I would like to announce to the house a very large addition to the program of construction of married quarters for personnel of the armed services and defence research. This will call for completion this year of 2,350 new houses in thirty-six different localities, at a cost of approximately $20 million. This will be a direct contribution to relief of housing shortages in civilian communities, as the moving into service married quarters will make housing available for civilian families.

On January 1, 1947, the armed forces had 1,241 married quarters. By March 31, 1948, 2,863 units were added and 1,864 were under construction, of which 1,179 were new houses, making, with the 1,171 to be begun after April 1, 1948, a total of 7,139 married quarters. These new houses are allocated on the basis of need, not rank, and rental rates will be the normal quarters allowance.

I am making available to hon. members a statement giving particulars of this program, which is one of the largest housing projects undertaken in Canada, and is part of the effort to provide as far as possible the condition of normal family and community life for armed forces personnel, particularly in remote areas.

Mr. PEARKES: Will the minister say whether these houses are being built by the Royal Canadian Engineers, or by Central Mortgage and Housing Corporation, or by some other agency?

Mr. CLAXTON: Yes; twelve hundred of the houses are being constructed under the supervision of the Royal Canadian Engineers, and of these, two hundred are being built by the engineers themselves. The remainder of the houses are being built on plans and specifications approved by Central Mortgage and Housing Corporation, but on contracts made through the Canadian Commercial Corporation. The supervision, however, is done by officers of the department, and almost entirely by officers of the Royal Canadian Engineers.

Mr. THATCHER: Will the minister say whether any of these houses are being built in Moose Jaw?

REPORT AS TO REMOVAL OF TRELLISES FROM HOUSES IN WRIGHTVILLE

On the orders of the day:

Mr. G. J. McILRAITH (Parliamentary Assistant to the Minister of Reconstruction and Supply): Yesterday the hon. member for Eglinton (Mr. Fleming) asked a question concerning the removal of trellises from certain houses built by Wartime Housing Limited. The question was:

Will the government take steps to stop the removal of trellises, which is taking place at the present time, from houses built by Wartime Housing Limited in Wrightville?

The trellises being removed from wartime houses in Wrightville are those which have broken or are subject to breakage owing to frost heavage of the porch posts. These trellises will be replaced by a much sturdier type of construction.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

*UNSURVEYED MINERAL CLAIMS IN YUKON TERRITORY

Mr. BLACK (Yukon):

What are the names of the companies and individuals who the Acting Minister of Mines and Resources states have already made substantial investments in mining in the Yukon and are interested in its development in the future and who are unable to ascertain the limits of the properties that can be secured either by purchase or staking referred to in the notices sent to the owners of unsurveyed mineral claims in Yukon by the mining recorders of Yukon on instructions of the Minister of Mines and Resources.

Mr. MacKINNON: I should like to answer this question orally. I have discussed this question with the hon. member and I find that he is concerned lest the order issued by the minister under section 78 of the Yukon Quartz Mining Act should be made to apply generally and arbitrarily throughout the Yukon territory to the hardship of many and

without compensating benefits in the way of facilitating development. In this connection may I explain:

1. That there is no intention whatever of taking any arbitrary action. This has been explained to every person affected. If a claim holder is unable to put up the money for the survey, or the surveyor is unable to attend to it, or if there is any other bone fide reason why the survey cannot be made, no action will be taken to cancel the claim. There is of course a responsibility upon the claim holder to make the circumstances known to the mining recorder who will report to the minister for appropriate action. Moreover, I am advised that the surveyor will be able to make the surveys only in the areas which are considered immediately valuable from a development standpoint so there will be no question about the protection of the claim holders in other areas.

2. From the standpoint of claim holders in what we may designate immediately valuable areas, I may say that lest there be concern over the cost of the survey we have decided to set a fee of $100 for the survey of a mineral claim. Those familiar with the quartz mining regulations will realize that this is exactly the amount of one year's representation work on the mineral claim which is required by law. Under the act the survey work can be accepted in lieu of one year's representation work.

I have had a communication, Mr. Speaker, from the hon. member, which I have today fully answered direct.

R.C.M.P.—KINGSTON OFFICES

Mr. KIDD:

1. Has the Royal Canadian Mounted Police offices in Kingston?
2. If so, where are these offices located?
3. Has the lease expired or when does it expire?
4. What rent do they pay?
5. How long have they occupied these premises?
6. Are any arrangements being made for them to occupy new premises? If so, where and what rent do they intend to pay?

Mr. FOURNIER (Hull):

1. Yes.

2. 231½ Princess street.

3. The lease expired on February 15, 1948. Now held on monthly basis.

4. $480 per annum.

5. Since February 16, 1941.

6. Up to the present date no arrangements have been made to lease alternative premises.

[Mr. MacKinnon.]

UNEMPLOYMENT INSURANCE

Mr. McKAY:

1. How many persons were in receipt of unemployment insurance benefits in (a) the province of Saskatchewan; (b) the Dominion of Canada, during the months of (1) January; (2) February; (3) March; (4) April, 1948?
2. What was the total amount of unemployment insurance benefits paid in the (1) province of Saskatchewan; (2) Dominion of Canada, during (a) 1947; (b) since the inception of the act?

Mr. COTE (Verdun):

1. (a) Persons in receipt of unemployment insurance benefits in the province of Saskatchewan during the following months:

(1) January, 1948	4,276
(2) February, 1948	5,477
(3) March, 1948	6,845
(4) April, 1948	6,235

(b) Persons in receipt of unemployment insurance benefits in the Dominion of Canada during the following months:

(1) January, 1948	106,367
(2) February, 1948	138,417
(3) March, 1948	154,754
(4) April, 1948	139,477

2. (1) Total amount of unemployment insurance benefits paid in the province of Saskatchewan:

(a) During 1947	$1,060,289.09
(b) Since inception of act..	3,204,735.70

(2) Total amount of unemployment insurance benefits paid in the dominion of Canada:

(a) During 1947	$ 32,039,339.36
(b) Since inception of act	117,708,969.12

QUESTION PASSED AS ORDER FOR RETURN

REISING SUB-MACHINE GUNS

Mr. DIEFENBAKER:

1. How many Reising sub-machine guns, 45 calibre, were purchased by the government, year by year, from 1939 to 1946 inclusive?
2. From what individuals, firms or companies were such purchases made and what was value purchased from each?
3. From whom were purchases made from June, 1944, in what quantities and what was the price per gun in each shipment?

PUBLIC BUILDINGS

RATES OF PAY OF WOMEN CLEANERS

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): I wish to direct a question to the Minister of Public Works on behalf of women cleaners in federal public buildings.

My question relates particularly to Winnipeg, where I am familiar with the situation, but it may apply to other cities as well. Is consideration being given to an increase in pay for these women, in line with increases granted to other government employees?

Hon. ALPHONSE FOURNIER (Minister of Public Works): I thank the hon. member for having handed me the question before I came into the house. I can only give the general answer that the rates of pay of these women cleaners are under constant review and consideration by the department. Nearly every week we sign some recommendation sent over to the Department of Labour, who advise us as to the rates of pay given to similar employees by private enterprise in different parts of the country. I will look into the matter so far as Winnipeg is concerned. I am sure the rates of pay of these women cleaners are taken into consideration.

REFERENCE TO PROPOSED CONSTRUCTION IN CHARLOTTETOWN

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): I desire to direct a question to the minister of Public Works. Has the minister approved the building location for the dominion building at Charlottetown? If so, when will work on the building be begun?

Hon. ALPHONSE FOURNIER (Minister of Public Works): I received no notice of the question, Mr. Speaker. The government is purchasing so many sites from one end of Canada to the other that it is impossible for me to recall exactly the one referred to by the hon. member.

FLOOD CONDITIONS

FRASER VALLEY—QUESTION AS TO PROTECTION OF C.P.R. LINES

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): Mr. Speaker, I wish to direct a question to the Minister of Transport, a copy of which I gave him. According to the morning press, dikes have broken in the Fraser valley and many farm families have had to be evacuated to safety zones. Mr. C. E. Webb, district engineer of the water power bureau in Vancouver, forecasts very serious conditions in the future, owing to the fact that only a comparatively small amount of spring run-off has occurred. Will the minister say what steps the Canadian Pacific Railway are taking to assist in the protection of their lines from floods, seeing that since 1894—

Some hon. MEMBERS: Order.

Mr. CRUICKSHANK: —this protection has been entirely paid for by the farmers of the district—

Some hon. MEMBERS: Order.

Mr. CRUICKSHANK: —and they can no longer meet the costs without assistance from this company.

Some hon. MEMBERS: Order.

Mr. CRUICKSHANK: Great friends of the common people over there.

Mr. GILLIS: Your own members are stopping you.

Mr. CRUICKSHANK: You are all for the C.P.R.

Mr. BENTLEY: It is your own members.

Hon. LIONEL CHEVRIER (Minister of Transport): In answer to the hon. gentleman's question I must say that while I feel sympathetically towards those who have been evacuated as a result of these floods I have no responsibility in connection with floods, nor have I responsibility so far as the Canadian Pacific Railway is concerned. I shall be glad, however, to bring his question to the attention of the management of that railway.

FREIGHT RATES

REFERENCE TO RETURN WITH RESPECT TO INCREASES

On the orders of the day:

Mr. GORDON B. ISNOR (Halifax): Mr. Speaker, may I ask the Minister of Transport when he will be in a position to furnish the necessary information to complete the return made on May 4 with respect to freight rates? Certain information is not contained in the return. I asked a question about this on May 6.

Hon. LIONEL CHEVRIER (Minister of Transport): My recollection is that in tabling the answer to the hon. gentleman's question I gave all the information that was available, namely, the information that had been filed before the board of transport commissioners. Speaking from memory only, I believe the hon. member asked for additional information which I was unable to table since it was not given in evidence before the board.

Mr. ISNOR: There is no reason why it should not be available in the 1947 returns, along lines similar to those for 1946.

Mr. CHEVRIER: The reason is that the information my hon. friend asks for was not submitted to the board.

Mr. ISNOR: That is an excuse.

INQUIRY FOR RETURN

FEDERAL GOVERNMENT EMPLOYEES

On the orders of the day:

Mr. C. E. STEPHENSON (Durham): Mr. Speaker, I should like to address a question to the Secretary of State in regard to a question of mine which appeared on the order paper of April 26 and was passed that day as an order for return. I have had no answer to the question. Can the minister tell me when I may expect it?

Hon. COLIN GIBSON (Secretary of State): I shall be glad to look into the matter and have the return brought down.

WHEAT

PRAIRIE FARM ASSISTANCE OVERPAYMENT UNDER WHEAT ACREAGE REDUCTION SCHEME

On the orders of the day:

Mr. F. S. ZAPLITNY (Dauphin): Mr. Speaker, on February 27 I asked a question about certain regulations under the Prairie Farm Assistance Act. I wonder if I can get an answer now from the Minister of Agriculture.

Right Hon. J. G. GARDINER (Minister of Agriculture): I am not sure I remember what the question was.

Mr. KNOWLES: It was so long ago.

Mr. GARDINER: Perhaps the hon. member will indicate the purport of it. Was it with regard to flooding at Dauphin?

Mr. ZAPLITNY: No. The question was about regulations dealing with the withholding of certain benefits under the Prairie Farm Assistance Act owing to overpayments which have been going on under the wheat acreage reduction scheme.

Mr. GARDINER: I thought I had given that answer orally, when the hon. member was not here. The answer was to the effect that some deductions had been made from the payments that were due under prairie farm assistance on account of wheat acreage reduction, but that that was not in accordance with the general policy and it has been discontinued.

Mr. ZAPLITNY: My question specifically was, under what authority this was done. It is the answer to that question that I should like to have.

[Mr. Isnor.]

Mr. GARDINER: It was done under the authority of an act which provides that when money is owing to the government by any person and money is also owing to that person, one may be deducted to make up for the other.

DAIRY INDUSTRY

QUESTION AS TO FLOOR PRICE ON BUTTER

On the orders of the day:

Mr. R. E. DROPE (Northumberland, Ont.): I wish to direct a question to the Minister of Agriculture. Is the minister aware that owing to the delay in announcing the policy of the government in regard to dairy products the dairy industry is in a state of confusion which is resulting in lower production?

Mr. SPEAKER: Order. I suggest to the hon. member that in asking a question he should not make a statement. I would ask him to put his question.

Mr. DROPE: Will the minister inform the house whether or not a floor price will be established on butter, and if so, at what level?

Right Hon. J. G. GARDINER (Minister of Agriculture): I hope my estimates will be before the house tomorrow, and I will be in a position to discuss the whole matter at that time.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Wednesday, May 26, consideration of the motion of Hon. Douglas Abbott (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. Macdonnell (Muskoka-Ontario), and the amendment to the amendment of Mr. Coldwell.

Mr. CLARENCE GILLIS (Cape Breton South): I thank hon. members for the applause. I hope it will continue after I am through.

Mr. HARTT: If you deserve it, it will.

Mr. GILLIS: Last evening, Mr. Speaker, when the house adjourned, I was discussing the budget; I mention that just in case someone may have forgotten. I had concluded my remarks on the Conservative amendment and was suggesting seriously to them that they might withdraw that amendment and get it out of the way, so that we might take all the discussion on the subamendment proposed by the members of this group. I suggested that because we definitely recommend something that the government did not include in the budget. Second, I was pointing out some of

the disabilities of the budget, as I see it. In concluding my remarks of last night I took a few minutes to point out that a table put on *Hansard* by the Minister of Finance (Mr. Abbott), when he made his budget speech, suggested that the tax rates in the United States were much lower than they were in Canada. I also put a table on *Hansard* having to do with the category of a married person with two children. It showed quite definitely that the tax rates in Canada in that group are much higher than they are in the United States.

I personally feel that the government made a mistake in not giving some relief to those in the low-income tax brackets. I say that for this reason. During the year 1947 the real wages of those in the low-income tax brackets were cut drastically by the increase in prices. We hear a good deal in this house about initiative and incentive. I think that the graduated form of tax as applied to the industrial workers, the farmers and fishermen, who in the final analysis produce all the real wealth of the country, militates against initiative and incentive. I know that many times during the war we seriously suggested to the government that it would be much better to impose a flat rate and make a cut-off at some point, where overtime work was necessary—that is, when during the war you wanted workers in industry to work a great deal of overtime. The same thing applies now.

For the minister's benefit, so that we may be able to amend the section dealing with exemptions, I should like to say this—and I am going to deal now with the part of the country from which I come. I have here an analysis made by the research director of the mine workers, taken from government statistics, which points out definitely that real income in Nova Scotia has been reduced drastically by inflationary prices. It reads:

> From November, 1946, to December, 1947, average earnings of 75,000 workers in Nova Scotia increased by $2.07 per week, or by 6·7 per cent. During the same period the government cost-of-living index climbed 21·2 points or 17 per cent.
>
> This means that real weekly earnings in Nova Scotia fell during 1947, by as much as 10 per cent.
>
> For the low income family with more than the average number of children the decline in living standards was much more than 10 per cent.

The minister should at least consider keeping living standards where they were in 1947. Unless there be some move on the government's part to increase the exemption in the low-income groups, there must be a drastic reduction in the living standards of the people in that income group.

To continue—and this is from the same source:

> During the year 1947 the cost-of-food index increased by 24 per cent, and clothing by 23 per cent.

I should like to bring sharply to the minister's attention the fact that ninety per cent of the wages of those in the income group under $1,500 or $2,000 a year goes into food and clothing; and those increases of 24 per cent and 23 per cent brought about a considerable reduction in the standard of living in 1948 as compared with 1947. Here are a few items the prices of which increased in 1947:

Item	Increase during 1947
	per cent
Butter	62
Bacon	20
Lard	37
Potatoes	44
Cheese	20
Tea	27

These are commodities that are on the table of the average working person in this country every day. The exemption from excise or sales tax will not affect these items to any great extent, because, as the minister pointed out, while he is relieving some food items from sales tax, the exemption may not be reflected in the price structure. My guess is that it will not. It will be added to it, because no one in this country today can tell anyone else what price he must charge for any given commodity.

I think that the exemption levels that were advocated by the hon. member for Rosetown-Biggar (Mr. Coldwell)—$1,250 for a single person and $2,500 for married persons—would compensate the taxpayer to some extent for the increase in the cost of living and the lowering of living standards in 1948 for that income group, and would also create some incentive and initiative. But if you are to keep dragging them down, without any recognition, then you are just creating frustration and hopelessness in this country.

I cannot understand the attitude or the mentality of the minister's advisers who suggested that the exemption for persons who are sixty-five years of age and older should be increased by $500 a year. That suggestion might have come from gentlemen in the other place. Most of them will be relieved.

Mr. ABBOTT: No; it was the minister's bright idea.

Mr. GILLIS: It may have come from members of this house, some of whom will be relieved. There may be a few people with substantial annuities who will be relieved;

but it is not going to relieve anyone in that age group who has been engaged in agriculture, fishing, industry, or any of the wealth-producing activities of this country. In the case of ninety-nine per cent of them, when they are finished, when their backs are broken, they are no longer productive and are relegated to the scrap heap, to live on $600 a year if single and a little more if married. They do not come within the income tax brackets at all. I do not believe it was the minister's bright idea, because I think he is brighter than that. There must have been some powerful prodding from somewhere behind the scenes.

Mr. ABBOTT: No; the hon. member is quite wrong.

Mr. GILLIS: I suggest that after serious reflection, instead of making that increased exemption applicable to the age group sixty-five and over, which does not mean anything, the minister might see his way clear to extend the $500 exemption to the income groups recommended by the hon. member for Rosetown-Biggar and step up the exemptions to $1,250 and $2,500. In that way the minister would create incentive. Thousands of young people across this country, men and women, are on low incomes. Many of them would like to get married, make a home, and take their part as citizens of this country. But when they look at the tax structure; when they see the little consideration that is given by persons in high places to the question whether they shall be able to live a full and complete life, they are afraid to take a chance. An increase in the exemptions would encourage people to drive their roots into the soil and really become citizens of the country. There is fear and frustration among many in the low-income groups. To increase the exemption would assist the thousands of families who have suffered a substantial reduction in their standards of living because of the increased prices of the necessities of life which they must provide for themselves and their children. Again, many families would be able to keep their children in school if they had that relief. For humanitarian reasons, therefore, if for none other, I believe the minister should take this suggestion into serious consideration. That is the one quarrel we have with the budget under the present mechanics of society. In my opinion the minister was short-sighted and ill-advised, because I know that in view of increased prices and the lowering of standards which has resulted, the people were looking for some relief through increased exemptions for the low-income groups.

I am not going further with that line of criticism. As I pointed out last evening, the budget itself is merely a statement made by the government to the country, showing what they have done in the field of finance. My quarrel with that sort of budgeting is that in addition to a financial statement from the government I believe it is also a part of the responsibility of the government to the people, in a country such as this, that the Minister of Mines and Resources, or some other minister who may be charged with the responsibility, should bring into this house a capital budget which would take the resources of this country as between province and province and endeavour to develop those resources in order to make for equality in the distribution of income, so far as that can be achieved. Certainly the distribution of income is badly out of line today. We are living in an age when the planning of our resources and their proper development are absolutely essential.

Some members of this house may say: Well, we do not believe in planning. But I noticed yesterday that the Prime Minister (Mr. Mackenzie King) told the house he was bringing in a bill for the purpose of planning the national capital. Surely if the government thinks the planning of this one city as a national capital requires legislation to be passed by this house, setting up a commission and all the rest of it, then the same principle should be followed in the whole economic set-up of this country. If it is essential to plan the capital city of Ottawa, surely it is much more essential that the government, which is charged with the responsibility of exploiting the resources of the country and is the custodian of those resources, should take steps to see that there is justice and equality as between the different sections of the country. I suggest that this kind of capital budget should be brought in also.

I say that for the reason that I come from the maritime provinces. I am sorry so few of the members from the maritimes are vocal in regard to the problems and disabilities of that end of the country. Yesterday afternoon the Minister of Justice (Mr. Ilsley) fully justified the present budget, as I said last night, based on the maintenance of the status quo. As I think the minister himself asked at one time, "What is the status quo"? That is the mess we are in; but he justified it on the basis that we are going to stay as we are, that we are not going to make any changes. On that basis he made an excellent speech and an excellent case for the budget. But if we are to remedy some of the injustices that exist under the present system, we cannot just stop there.

I have in my hand a government publication released a few weeks ago. It comes from the Department of Trade and Commerce, the Dominion Bureau of Statistics, and is entitled "The maritime provinces in their relation to the national economy of Canada." The opinions expressed in this publication therefore come from the government. I have gone through it very carefully, and for the benefit of the Minister of Finance I should like to point out some of the economic and social conditions that exist in our end of the country. We must remember that the minister, whether he comes from Westmount or from Vancouver, represents all people of this country, including the maritimes, in the finance department. Perhaps the reason he is not paying more attention to the maritimes is that apparently many maritime members are quite satisfied. You know, you do not get a seat in the senate by quarrelling with the government about disabilities that may exist in your part of the country. Here is just an extract from this report; I could pull out dozens of them, but I am going to give just a few which rather stand out, touching various social and economic aspects down there. The first one is at page 29:

> The proportion of persons in the younger and older age groups in the maritimes is above the national average, while for the in-between ages the proportion in the maritimes is considerably below the all-Canada figure. The latter reflects the exodus from the maritimes of workers in the prime of life. They leave after having been educated at the expense of the provinces and when young, vigorous, ambitious, and enterprising. By their departure the maritimes lose not only the most efficient type of workers, but also the enterprising ability important to further development. Their loss reduces, too, the taxable capacity of the region, a fact which is all the more serious in view of the large proportion which the dependent groups—the children and the aged—constitute of the total population of the region. Persons below the age of 15 comprise 30·2 per cent of the total population in Prince Edward Island, 29·2 per cent in Nova Scotia, and 31·9 per cent in New Brunswick—

As compared with 5·2 per cent in Saskatchewan and Alberta. The point I am trying to make for the benefit of the minister is that the productive people of the maritime provinces are obliged to leave that part of the country. What we have there are the youth, those in school whom we are educating. We are spending our resources on them. When these young people are educated we lose to the United States about 15,000 of them every year. We have been doing that for the last thirty years.

Mr. MacINNIS: Longer than that.

Mr. GILLIS: The hon. member for Vancouver East (Mr. MacInnis) says it is longer than that. He is a little older than I am, and perhaps can go back a little farther; I would say that it is at least thirty years.

The paragraph from the survey I have read means that we have the aged, the unproductive men, persons on small old-age pensions or inadequate company pensions. The paragraph shows that the maritime provinces are fast becoming a place from which we wring whatever little wealth is left in the educational field, so that people can be trained to go to the United States or to be siphoned off into central Canada. That situation is a government responsibility.

Mr. BLACKMORE: Or they enter the civil service at Ottawa.

Mr. GILLIS: I would not advise them to do that, after looking over the salaries.

Mr. BLACKMORE: A good many of them do it.

Mr. GILLIS: The condition to which I have referred is something the government will have to consider. So far they have not made any appraisal of it, with the exception of this statistical survey which will be put into the archives to gather dust. I bring it out today for the purpose of focusing the attention of the government upon it.

I turn now to page 40 of the same report, where it deals with production in the different industries. I shall not read from the report at greater length, because I do not like reading material into the record. I do suggest, however, that hon. members read the report for themselves.

Mr. BLACKMORE: Go ahead and read it.

Mr. GRANT: Give it to the hon. member down here.

Mr. GILLIS: I bring it to the attention of hon. members to my right who criticize controls, condemn government regulations, and all that kind of thing.

Mr. BLACKMORE: The member for Lethbridge will read some himself.

Mr. GILLIS: Just after the war started, and at other times during the war, hon. members referred to the fishing industry as the forgotten industry of Canada. It was pointed out that the fishermen had cash incomes as low as $300 a year, that the fisherman was the forgotten man. I think even the senior member for Halifax (Mr. Isnor)—

Mr. ISNOR: Make your own speech.

Mr. GILLIS: He said that many times. Let me point out to the hon. member that, according to this survey, fisheries production in the maritime provinces increased between 1938 and 1945 by 196 per cent under government regulation and management.

Mr. GIBSON (Comox-Alberni): No civil servants have caught fish.

Mr. GILLIS: Today, in 1948, the fishing industry of the maritime provinces is just about where it was in 1938. Why? Simply because the government withdrew the regulations.

Mr. GRANT: Because the war is over.

Mr. GILLIS: And withdrew its assistance.

Mr. GRANT: No; because the war is over.

Mr. GILLIS: No, it is not because the war is over. There is a greater market in the world today for fish than there was when the war was on. As I have said, production increased by 196 per cent between 1938 and 1945, and since the war it has gone back to about where it was in 1938. These figures indicate, all the way through, the inequality of the distribution of income in different industries. For instance, ten per cent of the population of Nova Scotia are engaged in agriculture, but we receive only 4·6 per cent of the national income from the field. If we were receiving our just due we would have at least ten per cent of the national income. Therefore, I say agriculture is away down. The same ratio would apply in manufacturing, and in all other lines of endeavour.

Let me make it clear to hon. members from Quebec and Ontario that as one of the members from the maritime provinces I am not asking for anything more than a square deal. I would say this to them, that the base for many of their industries in Quebec and Ontario came from the maritime provinces in the first instance. The production is siphoned off by centralization.

Again, in this statistical report—

Mr. SPEAKER: I must remind the hon. member that his time has expired.

Some hon. MEMBERS: Go ahead.

Mr. GILLIS: I do not like to exceed my time, but I could finish in about two minutes if I have permission.

Mr. SPEAKER: Only if the hon. member has unanimous consent.

Some hon. MEMBERS: Go on.

Mr. GILLIS: Thank you, Mr. Speaker. I will conclude by reading briefly from the statistical report in support of my contention that centralization of industry in Canada, short-sightedness and lack of planning on the part of those in authority, are responsible for the difficulties of the maritime provinces. We find this at page 96 of the report:

> Concentration grew through the agglomeration process,—

That is a good word; look it up in the dictionary.

> —the tendency of manufacturing and service industries to concentrate where there is already some concentration of industry because of the greater availability of labour, managerial and technical skills, industrial and financial and other services. Moreover, the central provinces are geographically—

Remember this; listen to it.

> —an extension of the greatest industrial area of the United States.

The concentration in Ontario and Quebec is considered merely as an extension of the industrial area of the United States.

> —a fact which undoubtedly stimulated the industrial development of these provinces. United States capital and the establishment of branch plants contributed to the same result.

I shall not read further from the report. I hope, however, that some of the maritime members will make a check of the survey and examine the disabilities outlined in this economic and social survey of the maritime provinces.

I suggest seriously to the minister that that problem has been further aggravated by the increase in freight rates. The picture today for the maritime provinces is bleak indeed, unless the government is prepared, as I suggested a moment ago, seriously to consider bringing in a capital budget to the house which will give to the maritime provinces greater equality of distribution of income and a greater decentralization of industry which has been concentrated in the central provinces. For example, we should break the integration of the two economies and try to stand Canada on her own feet as a nation.

I could go on for some considerable time with this subject, but I shall not. I thank the house for the short extension of time that has been given me.

Hon. W. EARL ROWE (Dufferin-Simcoe): Mr. Speaker, in rising to take part in this debate I do not intend to burden the house, if I can avoid it, with repetition of what has already been said. I had not thought of speaking on the budget until I listened to the rather spectacular speech that was made yesterday afternoon by the Minister of Justice.

The budget has been the subject of great national concern, as it properly should be and has been on many other occasions. It is per-

haps the largest budget we have had in normal times, and it is a very interesting document. Some have called it a vinegar budget; some have called it a black budget, and I believe the minister has almost admitted that it is an austerity budget. In looking it over and finding that the consumer's dollar is worth only two-thirds of what it was a few years ago, and that there is very little direct relief, one might term it a Black Douglas budget. However, I do find disguised and almost hidden in it a semblance of the old traditional policy of Liberalism, despite the quotas, restrictions and prohibitions. I notice that some duties have been removed, and it is interesting to know that we can now get beeswax and mulberry trees in free. It is an indication that the old dusty doctrine of free trade is not quite dead.

Despite all that has been said, and the almost reckless disregard some have when dealing with billions or hundreds of millions, one is reminded of Canada's greatness and her ability to withstand such a spectacular experiment. This is indeed a great country. I believe that all this country needs is the magic of confidence in ourselves and in our development. Undoubtedly we have more resources than any other country with a similar number of people. Members of this house have basic and common interests and desires for the development of our resources, the employment of our people, their prosperity and security, and indeed national unity as well; therefore I think we are justified in criticizing policies which do not enhance these developments.

We need stability to replace fear and doubt and uncertainty. We need steadiness to replace changes, hectic and reckless as sometimes they appear to be. We hear a great deal about our national pride. We have the minister of external affairs and others talking about our foreign policy and the great part we have to play in world affairs. We sometimes seem to forget that we are just 13,000,000 people. We are reminded of this when we try to match armies overseas with other large powers.

It is a fine thing to have national pride, but it would be a greater thing in this era of change and transition to have a little more national policy and a little less boastfulness about our national pride. I think we should have more national thinking in our economy in Canada and less international dreaming and theorizing as to what we will do in some great world conflict side by side with other nations of 130,000,000 or 140,000,000 people.

Under the regime of those to your right, sir, every year since they have been in power the number of people leaving this country to find employment has been almost more than those graduating from our universities. It is time we began thinking in Canadian terms and having more of the confidence that is essential to our development to which I have referred, and the stability that is required to meet our great obligations.

Stability cannot be restored by borrowing $300 million from a foreign country to maintain an artificial or dishonest dollar here at home. Trade cannot be developed by putting a twenty-five per cent excise tax on our production at home and then putting quotas and restrictions by ministerial decree on articles coming in. Trade has never been built up in that way. I have listened for many years to the great apostles of free trade who have told us that they will reach out to all the corners of the earth and sell what they can sell for the most money and buy what they need for the least money. But I am amazed to find that under ministerial decree we have quotas, restrictions, restraint, and strangulation of trade. Then in order to stop production at home we put on a special excise tax of twenty-five per cent on our requirements; and this at a time when other ministers are talking about the high cost of living. I refer to the tax imposed on frigidaires, vacuum cleaners and kitchen utensils.

Confidence cannot be restored in the development of our great resources, by so few people, by taking $670 million a year more from the people than is required. It is fine to talk about having a surplus, but that is just like a man going to the bank and borrowing $5,000 more than he needs so that he will think he is richer than he was before he left home. Confidence is not encouraged in that way. It is not encouraged either by a difference of opinion among cabinet ministers. It is not encouraged or sustained by political expediency conflicting with government policy. It is not sustained by the Prime Minister making a speech in Geneva and saying we are going to have great international trade, and the Minister of Finance saying at home that we are to have quotas and prohibitions to stop trade. Those things do not help.

A week before the budget the Prime Minister brought down a great health program. We have had periods of progress in this country toward social reform every time there is a provincial election, every time there is a by-election, every time there is a dominion election. It is then that we make strides toward taking a social interest in our people.

I have listened to the same old story every year from 1919. What about Drew? He will

be the next premier of Ontario, and his opposition will be doing as his other opposition did—listening to the grass grow on his beautiful farm.

Mr. GRANT: That is what happened to you one time.

Mr. ROWE: The hon. member never got that far. I am not going to be distracted by those who want amusement rather than enlightenment.

The Prime Minister talks of spending millions on health, and yet the Minister of Finance thinks that over and above the expenses of government he must take $670 million from us because we do not know how to spend it. When they are in a hurry they do not need to get provincial approval, but for twenty-nine long years from 1919, action of this kind could not be taken without provincial approval. Now when these old, weary statesmen of the sea begin to see the danger signs in the offing, when they see that there is no chance of retrieving the situation in the province of Ontario, when they see that it is doubtful that they will win any one of the three by-elections, then the Prime Minister says: I promised that in 1919; it was part of my old chart and compass. The ship of state has been drifting around the islands of by-elections in the meantime, but we must pull that one out now.

Yes, Mr. Speaker, they talk about inflation. The ex-minister of finance, the present Minister of Justice (Mr. Ilsley) referred to it yesterday. Hon. members remember how serious he got. He talked about intellectual honesty. I often wish I belonged to some of the fraternities as he does, so that I could get as serious and sanctimonious, and thus make men believe me.

Mr. ABBOTT: You cannot.

Mr. ROWE: I am not speaking about the Minister of Finance.

As I listened yesterday to the remarks on inflation by the Minister of Justice, I could not help thinking what a terrible thing inflation is. I recall, Mr. Speaker, as no doubt you do, for you were then sitting in another place in this house, that when I suggested to the Minister of Finance of that day that he should introduce compulsory savings, he said no. Many hon. members will recall that. The minister said it was true we had the spending power, but it was not enough. It was too close to an election. The following year compulsory savings were started. I believe it did some good in this country. They turned it down the year before. They brought it in, in a farmer's suit, the year before; then they put a dress suit on it and made it a little different. They did not tell the people when they were going to get their money back, or how much was to be taken from them. They left it in a state of confusion and misunderstanding.

A couple of years afterwards the ex-minister of finance, now the Minister of Justice, who spoke last night, brought in his budget speech and said that we were in the most dangerous period in our history so far as inflation was concerned, and that we must be careful; that we must siphon off this tremendous volume of purchasing power. He said that if we did not do that we would run into a spiral of inflation which might ruin this country. Before he was through he said that we would discontinue compulsory savings; we would turn it back, and we would give to families, who were earning more than they ever earned in their lives before, an election bonus. A few weeks before the election they turned back half a billion dollars, first because they had too much to spend, and second, I do not know why; but the government did it.

These things are interesting when you review them, but they cost the taxpayer money. That is why today this tragic course of public business is carrying us into the danger zone. People are nervous. The government seem to act as if they cannot trust anybody. In fact I wonder at times whether the members of the government trust each other, because recently we have seen the fiasco of the prices committee. I have sat in on the proceedings of that committee. I admire and compliment the members of our party, and those from the other side, who have had the patience to sit in there, or who have so little else to do that they can attend the committee meetings. It is said that the committee is costing a thousand dollars a day. Somebody said that one of the economists on the committee was getting $40 a day. He should get more than some of the lawyers, because it is surely an economic problem; but if he is worth $40 a day he should know that he need not be there at all.

One of the greatest fiascos that I have ever seen is this fact-finding committee, which is said to be costing the taxpayers a thousand dollars a day. Before they sit in secret conference they are instructed that they can do nothing. A fact-finding committee; they now threaten not to bring in a report until after the next election. Why, Mr. Speaker, they cannot do anything with the facts that they find. They have no power. Instead of a fact-finding committee it is a fact-binding committee, because when they get the facts

they will just bind them up and throw them away. In the meantime, we cannot discuss in proper parliamentary language the reason for the high cost of living. I am not sure that the ex-minister of finance knew any more about finance than the present minister, and that is no great compliment to either of them.

I now turn to the dominion-provincial conference. For years we have listened to the old slogan of national unity. You, Mr. Speaker, remember the slogan about the happy family of Liberals down in your riding, and the wish that we could get them in all provinces. "If all the provinces would return Liberal governments, what a happy family we would be!" was the slogan. What a grand family we have now! Probably in wartime you did not train your children very well, because we find this country more disunited than ever before.

I am sorry the Minister of Agriculture (Mr. Gardiner) is not in his place. I was going to ask him why he did not go before the prices committee. Probably he is there today, although the other day he said he would not go. One of his friends said he did not have to go, and the Clerk of the House said he could be taken there, and somebody else said he did not know what they were doing over there anyway. The minister said that if he did go he would go when he felt like it and say what he liked, go in and out as he pleased. However, he did not go. That is the fiasco of our agricultural problem in this country. That is why we are now ready to give the Marshall plan assistance in the way of food that is now so much required, although we have to admit that our bacon and egg production is down 35 per cent. Our leading poultrymen say that there will be 50 per cent fewer chicks hatched this year. The coarse grain men ask whether they will be dealt with as they were last year. They ask whether they will be told that they have fixed ceilings and subsidies on August 1 and then find in the midst of the season in October that conditions have changed. That was what happened last year, Mr. Speaker, right after the York-Sunbury election. Nothing was said about it to the livestock men during the York-Sunbury election, but when the election was over the livestock men in that constituency found that they had to pay an extra 25 cents a bushel on their feed grain. The hon. member for York-Sunbury was elected in the meantime. It was only a coincidence, of course. These are the things that make people nervous; these are the things that make people wonder whether this government should be given the confidence of hon. members on this side of the house. That is why I think our motion is well timed.

The farmers of western Canada have sold their wheat for $300 million a year less than they could have received on the world market. They have been the victims of this fantastic dollar situation. They have taken a ten per cent loss on what they sold to the United States, and these champions of United States trade and United States markets for agricultural products refuse to let beef cattle go to the United States. If the farmers of western Canada could only realize what this has cost them, and what this experiment of the Liberal regime has meant to them, the government would not win a single seat west of the great lakes.

An hon. MEMBER: Oh, oh.

Mr. ROWE: You may win some, but you will not win as many as you think, and you will be lucky yourself if you come back here.

This country needs a government that will keep a strong hand on the helm. We are drifting apart. Our unity is disturbed. Two provinces are out in the cold on the tax agreements. Seven provinces are rudely snubbed on the freight rates issue. Yes, Mr. Speaker, the Liberal party played ball with the communists until the communists left and tried to play with the C.C.F. Now nobody knows who owns the child. Anything to keep in power.

Let me return now to dominion-provincial affairs, and all these private deals of horse trading—and I know something about horse trading. I know that when you get behind the box-stall door you can make a deal if you give the other fellow enough to boot. It is amusing to realize that when these trades were made behind the box-stall doors in secret conferences—

Mr. ABBOTT: No secret conferences at all.

Mr. ROWE: Not secret—private deals; the public found out afterwards, you mean. In the final deal the dominion collects seven times as much as it pays to British Columbia, five times as much as it pays to Manitoba, I believe about three times as much as it pays to some of the other provinces, and one and a half times as much as it pays to one province. How much am I bid? Going at $1.50; make it $3; make it $7, if necessary. If these provinces had known, they would have made it $9. I would like to be negotiating with you fellows on these deals. I am not at all surprised that our able premier in Ontario cannot negotiate with you.

Mr. ABBOTT: Neither am I.

Mr. ROWE: I did not expect you would be. I believe I have a clipping here from one of your splendid papers. It is a good paper, and it is getting better all the time—the Vancouver *Sun,* which says, "Hello Sucker!" I will not take the time to read the article. After all, about the only thing that is free in the country now is the press.

In my opinion the government has not very much to boast about, so far as dominion-provincial relations are concerned, in respect to the type of deals to which I have referred. The confidence of the people is not strengthened when the Minister of Agriculture says he will bring in from 12,000,000 to 15,000,000 people to eat our wheat in Canada, and the minister of reconstruction, or the minister of many activities, states that the immigration problem should be left to the provinces.

I am bound to say, Mr. Speaker, that I followed with keen interest the speech made yesterday by the Minister of Justice. I was going to refer to this before now, because I had expected he would return. I have always appreciated the intellectual honesty he spoke about, but I was getting rather confused when he talked yesterday about intellectual honesty, when he said that no one on this side of the house had opposed the revaluation of the Canadian dollar. I remember that on the night it was announced—and, by the way, they must have known about it first on the Montreal stock exchange and in Toronto, because stocks reacted seriously that day—when someone on this side of the house wanted to oppose it, he was howled down by the cheer-crier who saved my hon. friend on so many occasions last night.

I do not doubt the honesty, intellectual or otherwise, of the Minister of Justice. He is a grand gentleman. I must say, however, I was amused last night when he said he was not sure whether his judgment or his memory was failing him. As I listened I thought they were both going, because I could not help thinking—

Mr. ABBOTT: But that was not what he said.

Mr. ROWE: —that he was on a sort of sightseeing tour, the "mystery" tour you sometimes see advertised here. As he went on that mysterious tour he was trying to find excuses for the errors that have been committed by his government, and he went back to July 5, 1946, when he said he did not think that ten per cent either way meant so much. Premier George Drew said it might mean $100 million more, but the right hon. gentleman said he read in a Toronto paper—probably the *Telegram* or the *Star,* but an evening paper—an estimate of only $15 million having been suggested, and he said that Premier Drew had no basis in reason for saying that we would have had $100 million more.

On July 5, 1946, when our dollar was revalued at 100 cents, at an artificial value, a dishonest value, it was reported by some that many persons in the department believed that the dollar might go back to sixty-five cents. I think that was absurd, but they were afraid it would go to eighty cents and they thought they would put it at 100 cents and bluff it there. It was mysterious indeed, and it is of great significance, because it was a great change, it was a great risk born of a great fear. It was the putting back of controls when we were told that we were leaving controls. The action was taken because we did not want inflation; we wanted more production at home and less buying abroad; and so they told the people: We will make your dollar worth more where you want to buy and worth less where you want to sell.

It was a new type of economy, apparently, on the part of a controller whose influence is great around here. Probably he was born since I came here first. As I listened to the Minister of Justice I could not help thinking that in the first half of his speech, his voice sounded like the voice of the minister, whereas, in the latter half the hand seemed to be the hand of the deputy minister of finance.

We all know—these are tragic, historical truths by this time—that in the sixteen months subsequent to July, 1946, no matter what anyone says he thinks will happen, what actually did happen was that $1,100 million of American reserves disappeared. We know that we were that much short, $60,000,000 or $70,000,000 per month. The primary producers across the dominion paid a still greater penalty for this novel type of experiment. We know that it encouraged imports, because imports increased; it discouraged exports, and moreover, it very nearly ruined the great gold mining industry of the dominion.

In the old days, when people wanted to praise something, they said that it was as good as gold, and then it was as good as wheat in the bin. We heard investments talked about last night as speculative. We do not consider United States investments speculative; for the fact is that some $7 billion of United States money has helped to make this country what it is.

I listened to the manifestation of intellectual honesty of the Minister of Justice last night when he told us that taxes were higher in the United States than in Canada. Of course you can add up a set of taxes and

show almost any figure, and figures do not lie, even though some people figure. But, Mr. Speaker, the minister did not tell you last night that we have a sales tax in Canada. And, by the way, I remember hearing what the Prime Minister used to say when I first came here. I wish the right hon. gentleman were here now, because, as I well remember, he almost wept over the fact that we had a sales tax of two per cent in 1921 and in 1925. It was terrific. In 1935 we were told that we were ruining the people, we were strangling trade, because there was a five per cent sales tax. Now we have a sales tax of eight per cent, and the Prime Minister does not weep at all.

These political twists, turns and manœuvres are all interesting and no less expensive to the Canadian people, but last night I was more disturbed than I was interested when I heard the Minister of Justice say that we had to be so careful. So that I shall not misquote him,—because I have some intellectual honesty too—I wish to quote his views: "But it would be undesirable, I feel sure, having in mind public opinion in the United States, to have a situation arise such as this: that the people in the United States should be keeping their taxes up to the high levels they have now attained, and that Canada, not contributing toward European recovery by way of credits, should seize the opportunity to push taxes down and cash in on the situation in such a way that we would inevitably be severely criticized and penalized by others." I have been a long time in this house, Mr. Speaker, but I have never witnessed a spectacle which more conspicuously illustrated an inferiority complex in relation to a foreign power than that. Surely, by that quirk of policy, the Minister of Justice is not going to force me, after all these years of campaigning in Ontario, to go to the western states and campaign among the farmers there to see if they will allow their congressmen to allow Canada to lower tariffs. It is so ridiculous that I am afraid that some scarcely comprehend the significance of it. I feel that we would be laughed at in Washington. If I made that statement in Dufferin-Simcoe, I am sure I would be laughed at; worse than that, I would not get back here. But, Mr. Speaker—

Mr. HARTT: The hon. member does not know what we think.

Mr. ROWE: No. I think you think about the same.

Mr. HARTT: But we don't say anything.

Mr. ROWE: No, you don't say anything, but you think a lot. I do not blame you. The loyalty to leadership is marvellous. You think as you like, but you vote with your leader.

The present Minister of Justice has no monopoly on this at all, because when the twenty-five per cent excise tax was put on the new home builder, the Minister of Finance stated on December 16, 1947, his second reason for these taxes. These are taxes that were put on by order in council, by radio or telephone; I think the Toronto *Star* had them first, but they were put on anyway, and were collected before they were passed on by parliament. They were to be returned if they were not passed. They finally got through. These were the novel taxes that had to be put on quickly. This is what the Minister of Finance said, as reported at page 336 of *Hansard* of December 16, 1947:

> A second reason for these taxes was to limit so far as practicable the degree of discrimination—

Follow this, Mr. Speaker:

> —against regular suppliers in the United States and their dealer organizations in Canada. For the time being, many of these suppliers and dealers are losing a part of their business because of the unavoidable necessity of restricting imports from the United States. Regrettable as it is, we cannot help that. But by imposing these excise taxes we are doing something to protect the legitimate longer-range interests of these businesses.

There we have two ministers who are in unison at least on one thing. You can call it whatever kind of budget you like, but it looks like a made-in-Washington budget. It is not novel with the two ministers today, because prior to 1934 I sat in this house and listened to what the present Prime Minister had to say when the Hawley-Smoot tariff closed our markets in the United States to Canadian farmers. The Prime Minister said that we dare not raise tariffs against the United States at this time for fear we provoke the United States of America. I should like to ask the new aspirant for leadership, the Minister of Agriculture, if he agrees with that.

Mr. GARDINER: It is my hon. friend who is the new aspirant over there.

Mr. ROWE: I might be there as soon as the minister; you never know. However, I do not believe I am as anxiously seeking it. In all fairness I am not so sure that I would be as well fitted for it as he will be.

Mr. SPEAKER: Order. I must point out to the hon. member that his time has expired.

Some hon. MEMBERS: Go ahead.

An hon. MEMBER: Seven minutes yet.

Mr. SPEAKER: If the hon. member has unanimous consent, he may continue.

Mr. ROWE: I will not take long. I do not want to debate the matter of how much time I have left. Some say seven minutes and some say three. In view of your courtesy, Mr. Speaker, I will conclude as quickly as possible.

I asked the Minister of Agriculture if he agreed. I know the Minister of Finance and the Minister of Justice agree, and I expect the Secretary of State for External Affairs (Mr. St. Laurent) would agree. If they all agree, then I am not much surprised that it was reported the other day in the papers that the present Prime Minister, when he looks over these aspirants to carry the mantle of leadership of the once great Liberal party, is in more distress than ever, and says: "Anyway, no matter who takes it on, I will have to carry on as prime minister." I am not surprised.

Mr. GARDINER: He is a good one.

Mr. ROWE: That gives you encouragement, because no doubt you cannot miss if you can pass excuses on to him for a while. I notice that the Winnipeg *Free Press* mentions this matter on May 20, on the editorial page, in the following words:

> The position of Mr. King's successor, a man chosen by the party in office to lead it in the House of Commons, would be in a strange position indeed if he were not Prime Minister, and if a statesman no longer a party leader were still head of the government. Under our parliamentary system, power must go with responsibility.

The Winnipeg *Free Press* believes that. But with the bureaucratic development we have had here, we have seen a great deal of responsibility given to those who are not elected.

I am not going to delay matters further, Mr. Speaker, but will merely say this in conclusion. I hope I am not emphasizing too vigorously the statements that have been made by the Minister of Finance and the Minister of Justice and agreed to by the Minister of Agriculture. Surely we do not want to provoke the United States; let us mind our own business. It seems to me that we have to wait and see what the United States are going to do in respect to many things. I can imagine some of my friends to the left—the hon. member for Cape Breton South (Mr. Gillis) who just spoke, for example—going down and asking John L. Lewis if the miners of the United States would let us reduce the taxes of the miners in Canada. No wonder, Mr. Speaker, our people are nervous. Let us be honest with ourselves and with our neighbours. Let us remove these restraints and this strangulation and get down to business. Let us appreciate the resources we have and unloose the energy and enterprise of our people that made us so great during the war and can do the same in time of peace. Do not be fearful. There is nothing so fearful as fear itself. Nothing so certainly assures failure as to think you are going to fail.

I would urge the minister and, despite his claims and appeals last night that he had not made an error, I urge the Minister of Justice, the former Minister of Finance, to call in all the economists—they are the men who have been doctoring our economy and planning our way of life—and say to them: Let us look this situation over and see if something cannot be done; let us put a "new look" on Canadian development, put new hope into Canadian enterprise, and put a new spirit into Canadian courage and faith in ourselves. Let them say to the people of Canada: We will put an honest value on our dollar, because we know that when we put an honest value on our dollar we will improve the position of the primary producer in Canada and discourage buying in the United States; and, as a business proposition, we will put this country on an honest road to success. Give us a free dollar; give us a free market for our wheat; give us a free market for our gold; give us a free market for our products. Give us free enterprise. I say, Mr. Speaker—and I speak for myself when I say it—that I am convinced, after many years in politics, that the more strangulation, restraint and restriction you place on trade, the more you discourage enterprise, initiative and the genius that made this nation what it is.

I have no apologies to offer to my friends who talk about state planning. They are only one degree worse in the proposals they have made than the practices of those who sit to your right, Mr. Speaker. But I urge upon the one-time traditionally great Liberal party to get back, if not to the principle of laissez-faire they boasted of for fifty years, at least to free enterprise, and give us a chance to take the shackles off and be honest with ourselves.

Mr. SPEAKER: I must apologize to the hon. member who has just taken his seat. I interrupted him and told him he had exhausted his time. Unfortunately I find I made a mistake. He had seven or seven and a half minutes more.

Mr. ROWE: Thank you, Mr. Speaker.

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, perhaps it is a healthy sign of the times when a large budget surplus is frowned upon in this house instead of being acclaimed; and I am sure the minister would be the first

to admit that very little enthusiasm was shown in this house, either on this side or on his own side, when he announced the size of the budget surplus and at the same time that there would be little or no relief from taxation. I believe the reason can be found in the concluding remarks of the minister, which will be found at page 4072 of *Hansard*:

> Canada today enjoys a level of employment, prosperity and national income, and a standard of living and of real social security never achieved before in the history of our country.

I think the government's budget stands condemned by that statement. If it is true that today we enjoy a higher level of employment, prosperity and national income and a higher standard of living than ever before, then certainly there can be no justification for the lack of social security in this country. We have no provision for those who are physically disabled or for the aged widows; no one can feel satisfied with the very low rates of the old age pension, or the amount of money paid the recipients of the war veterans allowance. I would ask how members on the Liberal side could be enthusiastic when they know that today thousands of physically incapacitated people, many of them bedridden for years, have absolutely no provision made for them, of course apart from the blind. How can the Liberals cheer a surplus when today old age pensioners have to take a miserable pittance of anywhere from $30 to $40 a month, while recipients of war veterans allowances are tied down to the same figures? And how can we condone reducing low incomes still further by taxation, while no provision is made in the budget for increasing the exemptions?

When hon. members were discussing the menace of communism they emphasized the fact that the democracies would be at fault if they were hesitant about taking the necessary steps to prove themselves more dynamic and humanitarian than the communist countries. I have heard this budget called many names, but I have not heard anyone refer to it as a dynamic or humanitarian budget. No doubt the minister will call it a cyclical budget; and of course a cyclical budget is based upon the premise that depressions are inevitable. So in good times we tax heavily in order to reduce the national debt and also reduce the standard of living of the people and their purchasing power. In depression years we reduce taxation and increase debt, and at the same time endeavour to prevent the standard of living from falling below starvation levels.

I think all hon. members will admit that this is a rather dreary kind of roundabout, because you never catch up with your objective. In other words, you have to wait for a war before a realistic policy is forthcoming and artificial financial limitations are modified. Then the national debt is allowed to skyrocket. After the war is over, the government once more takes it for granted that booms and depressions are inevitable, and adjusts its policies to that procedure. That has always been the record of orthodox finance. Of course, from the point of view of the usurer that may be regarded as sound finance, but from the point of view of many of the people it is a policy of despair.

If the present situation had evolved in peacetime I would agree that steps were necessary in order to prevent an inflationary rise. But the situation during the past two years has been the inevitable outcome of the war and the national financial policies of the government. That situation is rapidly changing today, due mainly to three things: the fact that people in the low-income brackets have largely spent their war savings; the fact that our loans to foreign countries have been largely spent, and the fact that reconversion in this country has been practically completed. Our plant capacity has been greatly increased, and either is in the process of putting forth or is about to put forth a tremendous volume of consumer goods.

Strangely enough, that situation seems to cause the hon. member for Muskoka-Ontario (Mr. Macdonnell) a great deal of concern. I should like to quote what he said on this point during his budget speech, which is to be found at page 4246 of *Hansard*:

> According to this report, a survey of some four thousand companies, 2,241 of them in operation in 1939 and 1,971 coming into operation since, shows that these companies, when alterations are completed, will have a manufacturing capacity of $8·5 billion, as against $1·8 billion in 1939. In other words, the excess over 1939 is 377 per cent. The comparable figure in the United States is fifty per cent. That is, proportionately we have gone seven and a half times as fast as the United States.
>
> When I mentioned that the other evening the Minister of Reconstruction and Supply said: Well, what's the matter with that?—or words to that effect.

I would also interject, "What's the matter with that?" As a matter of fact, I think the Minister of Reconstruction and Supply (Mr. Howe) should be highly complimented upon the rapid progress that has been made in reconversion. Then the hon. gentleman went on:

> The answer is this. If we can find markets for all these things; if we can sell all these goods and our producers of natural products can also sell all their goods, so that we will

have the home market and the foreign market, that will be fine. But whether or not that is likely to happen remains to be seen . . .

The immediate result of this development is that an inordinate amount of our resources is turned toward this plant expansion, which means far less for the production of consumer goods, which in turn means this has been a most potent influence in the rising prices of consumer goods.

The hon. member points out that our manufacturing capacity has increased approximately four times since 1939. He points out that the plant expansion has been of an inflationary character, but apparently he fears that we shall not be able to maintain an effective demand against the production resulting from that expansion. Well, I would point out that this may well be the case if we press forward too rapidly our so-called anti-inflationary or deflationary policies. In the past, in this house, the hon. member for Muskoka-Ontario has deplored the fact that we have expanded our money supply by three to one on the basis of 1939. I should like to point out that where you have also expanded your capacity to produce goods by four to one you will certainly need that increased supply of money in order to ensure that the goods being produced can be sold. So I find it hard to understand why the hon. member would deplore the increase in money, while at the same time we had that tremendous increase in capital production.

Strangely enough, at the very time the hon. gentleman was referring to this tremendous expansion in production he was also extolling the virtues of saving. Saving is a good thing during times of inflation, or in the early development of a country, because as a result people postpone their spending. On the other hand, in normal times when people save, it is bound to mean that sales are curtailed, and in that way you reduce effective demand and make it necessary for the government to step in and increase spending in order to see that demand will not fall off, which of course would result in decreased production.

Then also the hon. member for Muskoka-Ontario emphasizes the fact that there is no secret source of money. I think the hon. member would agree with me that it is a very good thing the so-called humbug of finance has been exploded. He will recall that it is not so many years ago since the banking fraternity in this country used to try to make people believe that the only money they could lend was their deposits. Yet, today it is common knowledge across the country that loans by banks are made by creating the means of payment.

While that fact is generally known, unfortunately it is not so well known that national money can be used to meet government expenditures, without any danger of inflation, provided that a proper degree of regulation is applied. That is especially true in a time of lag in capital investment, when there is a lag in effective demand.

Coming back to the point I had been making before I proceeded to follow the ramblings of the hon. member for Muskoka-Ontario, I would say I was emphasizing the fact that war savings have been largely spent, that our loans to various countries have been spent, that reconversion has been largely completed and that our productive capacity has been greatly expanded and is now in process of putting forth a tremendous quantity of goods. I was pointing out that these factors will tend in the future—I would say in the immediate future—to offset inflation. Therefore the government's anti-inflationary or deflationary budget policy not only will prolong the hardship of the low-income groups, but may very well endanger our ability to maintain a high level of production and employment in the country.

In other words, I would say it is a deliberate step toward increased unemployment and a lower standard of living, the very thing the minister himself has emphasized may very well come about in the near future. In other words, to put it another way, he has said we cannot expect to maintain indefinitely the high level of employment and the standard of living we now have.

I am glad, however, that the Minister of Finance did emphasize the fact that nothing can be gained by building up a fund for future defence. Furthermore, it is well to realize that you cannot provide for future defence by providing a surplus now; on the contrary it may well weaken our economy. Our best contribution to the future defence of Canada is to keep Canada in a strong condition, our industries in a high state of efficiency and productivity, and our people in the best possible state of health, highly skilled and contented.

We cannot hope to remain strong if we adjust our economy to a policy of booms and busts—or depressions, or whatever you wish to call them. I would say that now is the time to plan against depressions of the future, because to a large extent the cause of depressions is lack of effective demand. Surely we can prevent depressions if we maintain the people's purchasing power at a level sufficiently high to buy the total production of the country and the imports we bring in, in exchange for our exports. We cannot expect other people to buy our products unless we are prepared to buy their exports. We are not able to buy their exports unless the people's purchasing power is

maintained at a level which will make it possible for them to make those purchases.

The Minister of Finance insists that we must budget for a surplus in order to reduce the national debt. That appears to be also the attitude of the Progressive Conservative party and of the C.C.F. I think the Progressive Conservative party emphasized the fact that the surplus is too large; and the C.C.F. emphasized the fact that that kind of policy is necessary under private enterprise.

We in this group also believe in reducing the national debt, but we do not believe in doing it at the expense of the misery of thousands of the people. We believe there is an alternative to the minister's budget proposals. During the war we constantly urged a pay-as-you-go policy. That is, to the extent that taxation and borrowing of the people's savings failed to meet government expenditures, we advocated financing through the Bank of Canada. However, instead of doing that, the government financed its deficits as largely as possible through the chartered banks, thereby expanding both the debt and the money supply by over three billions of dollars.

It was then argued by the minister that to finance through the Bank of Canada would be more inflationary, the reason being that when money from the Bank of Canada got into circulation and was deposited in the chartered banks we would be increasing the cash reserves of those chartered banks, and they would then be in a position to expand their loans in the ratio of ten to one on the basis of those increased cash reserves.

In view of the fact that we are advocating the reduction of the national debt through the utilization of the national credit, I say it need not be either inflationary or burdensome upon the chartered banks. When the leader of this group spoke in this debate he advocated the setting up of a national monetary authority, working in conjunction with the Bank of Canada and responsible to the people of the country, through parliament, this authority to exercise effective control over the operation of the monetary system, including the issue and withdrawal of all currency and credit.

The hon. member for Peace River (Mr. Low) then advocated the reduction of the national debt by the national monetary authority, calling in dominion bonds held by the chartered banks and giving them a credit in the Bank of Canada. In order that the national monetary authority should exercise effective control over the issuing of credit by the chartered banks, so as to prevent inflation and deflation, the following procedure could be adopted—and this at times has been referred to as a 100 per cent system.

It is interesting to note that the 100 per cent system has in the past been endorsed by a number of practical bankers and economists, and also by Babson's Reports Incorporated. Briefly the proposal is to amend the Bank Act to compel chartered banks to maintain 100 per cent cash reserves behind their demand deposits. This increased cash reserve would be provided to the chartered banks by giving them a credit in the Bank of Canada in exchange for dominion bonds held by them.

In the April, 1948, statistical summary of the Bank of Canada we find these figures: demand deposits of chartered banks, $2,201 million; active notice deposits, $629 million. The Bank of Canada classifies one-sixth of notice deposits as active notice, because they are actively drawn on. They therefore have included them in the money supply. This makes a total of $2,830 million.

Therefore sufficient dominion bonds would be turned over to the national monetary authority to provide 100 per cent backing behind this deposit liability. I would ask those who may argue that this would be depriving the chartered banks of revenue which they require if they are to operate efficiently why the Canadian people should be taxed to subsidize the chartered banks to give free service on demand deposit accounts. Let the banks meet their cost of operation by a service charge on the depositors. Let the people who are utilizing the banks pay for that service instead of expecting the government to tax the Canadian people in order to provide additional revenue for the chartered banks.

The result of the 100 per cent system would be to curtail inflationary expansion of loans by the chartered banks. They could lend only the money they had on hand. In order to expand their loans, they would have either to borrow from the national monetary authority or to turn over bonds which they might still have on hand to the national monetary authority, in exchange for funds. Then at times when the government was obliged to seek additional money to that obtained by taxation, national money could be used without fear of inflationary or deflationary action on the part of the chartered banks.

In order to summarize our position in relation to both debt and inflation, we urge the establishment of effective control over the monetary system. As explained already, this will provide for a substantial reduction of our national debt. From time to time, as capital investment lags, the government will be in a position to call in dominion bonds, paying for them out of national money. In that way

capital will be provided for private investment, and we shall be able to develop our own resources instead of depending upon the United States for capital. It will tend also to stimulate venture capital in this country and will provide as well for a progressive reduction in the national debt.

We all realize that the only way to overcome inflation and at the same time plan for a maximum standard of living is by converting and expanding our industrial plant to a high degree of efficiency and productivity. It is true that this program in its initial stages is inflationary until the resulting flow of goods catches up to and satisfies demand. We are rapidly approaching that situation today. Obviously, if we had carried on our program of reconversion and expansion of plant more slowly, the situation would have been less inflationary. On the other hand, the sands of time are running fast and people expect today that the same vigorous action which won for us the war by high levels of production must also win for us a high standard of living in peacetime, this to be achieved as rapidly as possible.

As the hon. member for Muskoka-Ontario has already emphasized, we are rapidly reaching the time when a tremendous volume of consumer goods will be available to the people of Canada. This will bring an end to the inflationary pressure. I urge upon the minister the need of easing up on his anti-inflationary or deflationary policies before they land us in a position where demand lags behind supply and thus reduces our standard of living. With these facts in mind and knowing that three years after the war the people have the right to a certain basic standard of living, the hon. member for Peace River submitted certain proposals to the house as an alternative. For a moment I should like to summarize these briefly since they have been already placed on the record.

I have already placed on the record the proposal for effective control over the monetary system and a reduction of the national debt. The hon. member for Peace River proposed the following changes in expenditures in addition to the expenditures submitted by the minister. He proposed a cancellation of existing reductions in family allowances for each child after the fourth and later, as production increases, a forty per cent increase. He proposed also immediate provision for an increase in old age pensions at seventy years without a means test, with the age limit to be reduced progressively downward to sixty years as production expands.

Also pensions to needy widows of sixty years and to all disabled people not otherwise provided for; provision to increase war veterans allowances from $40 to $50 for single and $70 to $85 for married persons; to increase 100 per cent disability pensions to $100 a month, and the encouragement by subsidy or otherwise of the increased production of primary products the importation of which from the United States had caused a shortage of United States dollars. The estimated cost of those five proposals would be $289 million.

Then the hon. member proposed certain changes in revenue. He proposed that the sales tax and the twenty-five per cent excise tax be abolished, which would cost approximately $395 million. He proposed raising the exemptions for income tax for single persons from $750 to $1,500 and married persons from $1,500 to $2,400, incomes in excess of $3,000 to be taxed on a basis beginning at forty per cent. This would cost approximately $300 million. The proposed changes in corporate tax would not mean much change either way.

The total estimated loss in revenue would be $695 million; adding to that the increased expenditures of $289 million would give a total change or budget upset of $984 million. This amount to be provided for by using from the estimated surplus $484 million with a saving in interest charges of $100,000. There should be an increased revenue from remaining sources arising from taxation over and above the calculation by the minister and resulting from increased buoyancy amounting to $100 million. The remaining $300 million would be taken care of by the use of national credit. If the minister has underestimated the revenue for this year as he did last year there might very well not be any deficit at all.

In the budget debate it is permissible to have only one amendment and one amendment to the amendment, otherwise the hon. member for Peace River would have moved his proposals as an amendment. So I shall say a few words about the two amendments that are before the house. First we have the amendment moved by the Progressive Conservative party, which is a straight vote of want of confidence. This reads:

> This house is of the opinion that the government does not possess the confidence of the country.

That of course, is just a statement of fact which I do not think anyone would dispute.

Mr. ABBOTT: Just wishful thinking.

Mr. QUELCH: Since no alternative proposals are included in that amendment, there is nothing to disagree with and naturally we shall be able to support it.

Mr. KNOWLES: Even the government will have to agree with it.

Mr. QUELCH: They should and perhaps they will before very long.

Mr. GRANT: The people do not agree.

Mr. QUELCH: If you go back to the last election you will find that the statement is true, because certainly the majority of the people did not support the government, and the number will probably be still less at the next election.

Mr. GRANT: A majority over all.

Mr. QUELCH: You did not have a majority. The C.C.F. amendment reads:

That the said amendment be amended by inserting after the word "government" and before the word "does" in the second line of the amendment, the following words:

". . . has failed to relieve the excessive burden of taxation on the low income groups of the Canadian people:

(a) By failing to increase the amounts of exemption from income tax from the present levels to $1,250 for single and $2,500 for married people, and . . .

The only difference there is that we feel the $1,250 should be raised to $1,500. In our opinion it costs a single person more than half as much to live as it does a married couple. In many cases a single person is living in accommodation which could be used for two people. The C.C.F. no doubt feel there should be some form of encouragement to get bachelors to marry, and therefore they will tax them a little bit heavier and persuade them, but we have the obvious fact that some bachelors are what one might call choosy. I do not necessarily mean to say choosy in regard to the type of female they pick up, but rather choosy with regard to the type of accommodation they want to get ready before they become married. Therefore, if you tax them too heavily they will never be in a position where they can set up house. Consequently we feel that we should reduce taxation on bachelors by raising the exemptions up to $1,500.

(b) by failing to remove or substantially reduce the burden of sales and excise taxes which bear most heavily on those suffering from low income and the present high cost of living.

There is no question about it; we would support that.

And further, the government has failed to establish a public investment board to assure the channeling of capital investment into socially desirable projects as a means of maintaining full employment, increasing production and raising the standard of living of the Canadian people, and . . .

We interpret full employment as meaning the full employment and development of our natural resources. With regard to the investment board, we have from time to time urged the setting up of a national monetary authority to control the monetary system, and to bring about a proper relationship between the production of capital goods and consumer goods. We also realize that it is essential to regulate investments in the interests of the Canadian people, and prevent over-development of industries for export at the expense of the home market, and also to expand the production of these goods which at the present time we have to import from the United States, thereby draining away United States dollars. Therefore on the basis of my interpretation, we will support the C.C.F. amendment, although it does not go as far as our proposals to safeguard the welfare of the people; and furthermore, it does not provide any alternative to heavy taxation as a means of reducing our national debt.

Mr. LUDGER DIONNE (Beauce): Mr. Speaker, I have not much to say with respect to the budget as a whole, but I understand that the Minister of Finance (Mr. Abbott) wishes to take—

Some hon. MEMBERS: Move farther down toward the centre.

Mr. NICHOLSON: Mr. Speaker, I am sure that the reporter cannot hear the hon. member. I think he will have to speak louder or come down this way.

Mr. MARQUIS: Why cannot you move down?

Mr. NICHOLSON: We cannot move the reporter down.

Mr. ABBOTT: He can hear; he has good ears.

Mr. KNOWLES: Do you not want to hear the hon. member for Beauce?

Mr. DIONNE (Beauce): I have not much to say with respect to the budget as a whole. I understand that the Minister of Finance wishes to take advantage of the prosperous years to try to reduce our debts, and I cannot object to such a sound policy.

However, I wonder whether the minister is logical in his policy in dropping the duty on cotton piece goods imported from foreign countries. The minister should know that British goods are being sold to us at prices far above the British home market. Why? I imagine it is because the Britishers want to make more money in their trading with us. In addition to that, why is it that British industry is bound to sell its goods at a cheaper price for home consumption than it does abroad? Evidently because England wants to avoid inflation at home. If this policy is good for England, I do not understand why

it should not be good for Canada. Then, how shall we control inflation in Canada if through a reduction of duty we encourage our people to buy goods from England at fancy prices? That is exactly what our people did in 1947. They bought at any price everything that appealed to them. What has happened? The government had to institute an austerity program to stop this spending spree. Any intelligent man will admit that it is not a sound policy to buy goods at prices above the market. We are no longer in a buyer's market. If the minister had got in touch with Canadian manufacturers of textiles he would have heard that we have definitely entered into a seller's market.

I know many manufacturers of textiles who have orders on hand for hardly a few weeks in advance. I know a lot of them who have a substantial amount of manufactured goods on hand, which are not sold. Mostly all Canadian manufacturers of textiles report that they receive only hand-to-mouth orders from their customers. Precisely at the time when Canadian manufacturers are preparing to undergo a severe depression in their business the minister should be very careful not to create any more undue competition. The enlargement and modernization of textile plants in Canada have been such within the last few years that the Canadian market cannot absorb our production in normal times. Canadian manufacturers are looking for export markets to keep their plants in operation. Unfortunately the sterling area seems to have created an iron curtain which does not permit goods coming from dollar countries to penetrate, namely, New Zealand, Australia, Ireland, India, British West Indies and some other countries.

I shall relate the facts to show how our export markets are gradually being closed by England. Recently a Canadian manufacturer was offered an initial order for textile goods from India, amounting to $150,000. The Canadian manufacturer accepted it. The buyer in India could not obtain a permit from his government to get the necessary dollars to pay for the goods. Why? Last year we bought $10,000,000 worth of goods from India, and we sold to India only $4,000,000 worth. There is no question of a shortage of Canadian dollars in this case. India had $6,000,000 in her favour to buy our goods. Where had the $6,000,000 gone to? The answer is England. This situation exists all over the sterling area. In such a serious circumstance I should like the minister to tell us where we shall sell our surplus of manufactured products. Shall we always be at the mercy of England to dispose of them? If so, I can see pretty tough times ahead for the Canadian people.

Would it not be a better policy for the Minister of Finance to put his natural sympathy aside when dealing with the English people, and act like a businessman. Does the Minister of Finance imagine that the Britishers will protect our national economy? I am sure he does not; therefore, why not act accordingly?

During the war the export of textiles was forbidden by the government. A large amount of business was lost to the Canadian textile mills. On this account most of the connections that textile business had with foreign countries were disrupted. Now that the textile business is trying to regain these markets, the doors are closed by England. How long shall we have to witness our own economy being destroyed in favour of England? Are we Canadians or Britishers? This is a very serious situation, more particularly with respect to the Canadian textile industry.

The fact that Canada imported in the year 1947, 275 million yards of cotton does not prove that our Canadian industry cannot supply our markets. It only goes to show that the shelves were empty at the end of the war, and had to be replenished. The Canadian industry, which had devoted its efficiency to the production of war material, was not in a position to fill the shelves all over Canada all at one time. This explains the large volume of importations of textile goods which took place in the course of 1947, but I do not believe that all these goods are sold. A substantial quantity is still on the shelves and creates an abnormal situation for our Canadian manufacturers, because 275 million yards average over twenty-two yards for every Canadian, including babies, in addition to our own production. At present our Canadian manufacturers have to pay twenty pence to English manufacturers for synthetic fibre or rayons. The price to the English manufacturer is only sixteen pence for the same material. Before the Canadian manufacturers begin to use this English rayon, it costs them over seven cents a pound, or twenty-five per cent more than the English manufacturers.

If you compare the wages of English and Canadian labour you will note that the Canadian manufacturers have to pay at least sixty per cent more than English manufacturers to everyone of their employees. You will have the proof of this in reading the report of the Aronson wage agreement. These were British government appointed commissioners under the chairmanship of Lord

Evershed. This is a part of the agreement with reference to some textile jobs:

	Per week
Picker tenders	22.22
Strippers and card grinders	24.00
Card tenders	13.00
Drawing frame tenders	16.97
Roving frame operators	13.45
Slubbers operators	15.76
Spinners operators	15.76
Repair man	22.22

Anyone can guess the enormous amount of money involved for Canadian manufacturers in this wide difference in wages.

Under such circumstances, I dare say that this drop in the duty may compel many Canadian manufacturers to reduce their production, with the result that numerous employees will be out of jobs and the national unemployment office will have to provide means of living for all of them for an indefinite period, notwithstanding the dislocation it will produce in our industry.

If English labour was not standardized; in other words, if an English employee had the right to work, to the extent of his ability and ambition, our sympathetic minister might have some kind of justification for introducing such legislation. But this is not the case. Textile plants in England are not allowed to operate on two shifts. None of these industries can operate for more than eight hours a day and no employee is allowed to perform more than a certain amount of specified work during his working time. These are the rules and regulations of the unions in England. The English businessman knows all that, but he has no control over the situation. The socialist government in England does not dare to interfere in union regulations, for reasons that everyone knows. Now our Minister of Finance indirectly asks us to support these unsound, uneconomical English labour practices to the detriment of Canadian labour.

A textile plant is so expensive that when it operates for only eight hours a day the overhead is prohibitive and the material produced in such a plant has to be sold at a very high price in order to leave a profit to the producer.

Here in Canada, labour understands this situation and in general is willing to work to the extent of its ability. Mills are operated on two shifts and sometimes three, in order to reduce the cost of the material produced in such mills.

I leave it to the house to imagine what kind of reception Canadian textile labour will give to this reduction in tariff. I do not think the Canadian Minister of Finance has any reason to take the risk of producing such a profound disturbance in our Canadian labour for the benefit of English labour.

It should be the duty of the English government to enact proper legislation in order to enable English manufacturers to produce at a cost which will permit them to compete for foreign business.

The English government is doing exactly the contrary. Precisely when our Minister of Finance announces the drop in duty on English textile, the English government raises the price of raw cottons to British manufacturers as follows: The price of American cotton bought by the English government has been increased from 2·20 to 3·40 cents a pound. The price of Egyptian cotton has been raised 8·40 cents a pound, as published in the May 17 *World Market Review* of New York.

Furthermore, England is short of labour. She will naturally do as some Canadian manufacturers did last year. She will send raw cotton or synthetic fibres to be manufactured in Italy, Germany or some other country where labour is still cheaper than in Great Britain and where they are willing to work on three shifts.

The same review announces a trade pact by which England will supply raw cotton and bleached sulphite to Germany. This cotton, as well as the bleached sulphite, will be manufactured there into textile goods and filament rayon and will be shipped back to England. It involves a transaction of $55,000,000.

Broadcloth for shirts is in short supply in Canada, as well as filament rayon. We could have made the bargain direct with Germany just as well as England. We could have bought and supplied raw cotton and bleached sulphite to make cotton piece goods and filament rayon and have paid for the manufacturing of it with foodstuffs and thus begun to create a market outside of England for our agricultural products. We could thus have obtained the exact kinds of textile goods which we are short of, at a much lower price.

Unfortunately, we never thought of that. So the United States will sell cotton to England. We shall sell Canadian bleached sulphite to England. England will take a substantial profit on United States cotton and on our bleached sulphite that she will ship to Germany. England will probably pay Germany for the transformation of this raw material into any kind of textile goods with our own foodstuffs, on which she will, no doubt, make another substantial profit. She will ship us back the textile goods that she will get from Germany and again make another substantial profit on them. See how

smart these Britishers are. How do we compare in the picture? If England cannot dispose of this $55,000,000 worth of textile goods at market price, she will dump it at any price she can get on foreign markets. She may dump it right into the Canadian market if she cannot succeed in getting the exorbitant prices she is at present asking. How can we reasonably conceive that this enormous amount of textiles will not affect our industry? How can we expect to open the doors of other countries for our textile goods under such circumstances?

Who will get the benefit of this deal? England. Who will pay for these indirect large profits and high prices? The Canadian people. Who will lose by it? The Canadian government. Who will be penalized by it? Canadian labour and the German people, who will have to accept whatever wages England decides to impose upon them.

Now, let us consider the action of the British government in regard to the German people. Here is a nation which has been living on the charity of the American people for three years. The United States wants to help put these people back on their feet and is giving away billions of dollars for this purpose. England is so managing as to make a profitable deal out of it. Is it not a pity to see the British government take advantage of American charity to exploit the misery of the starving German people?

It might be interesting for hon. members to know the national income of our people compared with the income of countries in which some of these textile piece goods will no doubt be manufactured. On referring to page 44 of congressional United States proceedings volume 4, No. 1, December 1947, I find the following information:

"The united nations conference on trade and employment now meeting in Havana, Cuba, had assembled some interesting figures on national income in terms of United States dollars," continued Mr. Javits. "The United States national income of $1,200 per person per year was probably the greatest ever attained by any people. In France, it was $300; in Great Britain, $400; in Italy and Austria, $100 and in Greece, $70 per annum. In Argentine it was $300; in Brazil, less than $100 and in Chile, about $150 per person per annum."

How do you expect our labour to compete under such conditions with labour of foreign countries where the national income is so low? The more I think of the matter, the more I am inclined to conclude that it is unfair, unjust and unwise legislation to impose on the Canadian people.

When England wants to buy something from Canada, she sends representatives here to bargain with us. The Minister of Agriculture (Mr. Gardiner) knows something about the matter. My colleagues and I also remember the wheat deal of two or three years ago when England got our wheat at $1.35 to $1.55 a bushel when the market price was around $3 a bushel.

I recall the loan of $1,250 million made to England to buy our wheat. Heaven only knows if we shall ever be repaid this amount. I think the Minister of Finance has still something to learn from these Englishmen. I am practically convinced that if an English minister had the courage to propose to his government legislation such as that now submitted to us by the Canadian Minister of Finance, he would, to say the least, receive a very cold reception from his colleagues.

In proposing that cotton and rayon piece goods be admitted free in this country, the Minister of Finance states that the United Kingdom has for many years supplied an important part of our requirements of these commodities. I question this logic, because for many years England has been gradually losing her market for cotton textiles. Before the war her cotton industry was the despair of her industrialists, and her industry was unable to compete because of the labour unions' refusal to operate more than one shift. Furthermore, the labour unions opposed the introduction of automatic machinery on the ground that it would displace workers. Finally they had to admit in 1944, when they sent an official commission to the United States and Canada, that their textile industry was non-competitive. This is the handicap the English government should try to overcome. This would be a constructive and lasting move in the right direction.

The minister knows that British manufacturers sell their products at prices which are too high for us to buy. He knows these prices are very much higher than those prevailing in England. However, he is ready to let these goods come into Canada duty free. How can he justify such a strange business conception? It is simply amazing to hear such an unusual business proposition.

Does the minister think he is helping England by so doing? I dare say he is simply prolonging her agony. I know of no country, no industry and no people who can prosper without working. England will have to stop scheming and will have to abide by this universal law if she wants to get out of the rut. What England needs is to put her people to work. It is about time somebody told them that such a deal as that cannot help her. It will simply delay the greatly needed cleaning of her house. The sooner she is compelled to do it, the better for all concerned.

With respect to income tax, I have already declared on two different occasions in this house that I did not favour any income tax on revenue of $1,500 for a single person and $3,000 for a married man. I do not like this method of taxation, because it is unjust, unfair and dishonest on account of the many people who evade the law. It is also a matter of great concern and anxiety for the farmers who do not know the law and who cannot comply with such legislation. How do you expect a farmer to answer properly a questionnaire such as the one printed on form T-1, a copy of which I have in my hand? It would take a competent auditor to answer intelligently every question printed on this form, and this auditor would have to follow it up year after year. Many farmers come to my office frequently with such forms asking me what to do with them. How do you want me to answer? I cannot tell them not to obey the law. On the other hand, they are unable to answer properly and intelligently practically any one of these questions. If I advise them to answer to the best of their ability, I know the income tax collectors will start to correspond with them regularly, asking for more information, until such time as the farmers get exasperated and throw the whole correspondence into the stove. Legislation should not be drafted in order to make people miserable.

I realize that the government will lose a substantial amount of revenue in exempting people with revenues of $1,500 and $3,000 respectively. But I have made suggestions to the government to compensate for this loss of revenue. I believe that if my suggestion had been given due consideration it would have helped to overcome inflation and would have been a source of satisfaction among the Canadian population.

I do not speak frequently in this house, but when I do so I try my best to co-operate in the creation of sound and honest legislation. Unfortunately, the suggestions of the backbenchers do not seem to create much of an impression on the Minister of Finance, but I hope that he will amend his ways. If he does not, we may just as well stop kidding ourselves any longer by using resounding hollow words like "autonomy", and take our colonial status which is the only rank we deserve.

Mr. ALAN COCKERAM (York South): In entering this budget debate, Mr. Speaker, I do not propose to occupy the time of the house at any great length, but I do wish to bring to the attention of the Minister of Finance (Mr. Abbott) a few pertinent facts in connection with the oppressive taxation now existent, and to make a few suggestions which I feel warrant serious consideration.

For a nation of twelve and one-half million people, our burden of taxation is excessive when considered in relationship to the stage of our development, and the problems facing us in this regard. Last year the total revenue of all governments in Canada—federal, provincial and municipal—amounted to approximately $4,058 million. This figure represents no less than 37½ per cent of the national income for 1947. If we consider taxation from the aspect of the personal income of Canadians for 1947, which totalled $10,110 million, 40 per cent was required to maintain our various governments. By far the greater amount of this revenue, $2,819 million, was taken by the federal government.

The effect of this oppressive burden of taxation on the individual Canadian is apparently quite evident to everyone except the Minister of Finance and his colleagues in the cabinet. I am sure that members who support the government in this house will agree with me in that statement.

We have come to the unfortunate position in this nation where forty cents out of every dollar of personal income last year was required to maintain our governments in the federal, provincial, and municipal fields.

One of the reasons advanced for the high percentage of personal income taken by governments in Canada is the demand for services and social security made by our people. Today in Canada, 16·2 per cent of the gross expenditures of our federal government is required to meet the costs of family allowances, old age and blind pensions, and unemployment insurance. Another 14·85 per cent of our gross expenditures goes to meet the cost of veterans' pensions. Agricultural and price control subsidies require another 4·3 per cent. Servicing of our public debt takes another 21·21 per cent. These are all charges which, in the opinion of a great many people, will in the aggregate increase rather than decrease in the years ahead.

I believe that as a democratic nation we must not only maintain but expand our social security measures in this country. As a member of this house I approve the policy of adequate pensions for those entitled to a better deal. I approve the steps which have been taken by different governments in the past in the field of social security, and recognize that the costs to the nation for social security, medical services, pensions, et cetera, will tend to increase rather than to decrease as the years go on.

Last year, 8·87 per cent of our gross expenditures was required for national defence. I believe that our expenditures in this regard will tend to increase rather than to decrease in the years that lie ahead.

With regard to national defence expenditures, I think the present program of the government is wholly inadequate and unsound. Located as we are between two countries where war hysteria is rampant—in one country because of lack of facts outside the iron curtain, and in the other country because of lack of facts inside the iron curtain—our present national defence program is wholly inadequate. We do not know whether or not Canada will be dragged into another war in the not distant future. I recognize, however, that our greatest security is preparedness, and that the Canadian people must spend money and effort to protect themselves.

I recognize, also, that we cannot build up adequate defences for this nation and at the same time lower our expenditures in this regard, and that our defence program must necessarily be a long-range program. Unfortunately, the Russians today are obsessed by their insecurity, which leads them to believe that behind every action by the democratic nations in international affairs there must be some sinister design. As a neighbour nation of Russia, we must realize that probably generations must pass before people of that country can be expected to view the international scene with detachment, and without a feeling that every move by the outside world is designed to attack them.

Recognition of this, Mr. Speaker, should make it clear to the government and to the people of Canada that the need for us, as a nation, to build up our defences for our own security will be with us for many years and will, over those years, cost this nation vast sums of money.

In short, recognizing (a) the cost of essential services, including the servicing of our national debt; (b) the need for adequate defences for our own survival, and (c) the need for maintenance and expansion of social security measures for our people, it means that billion dollar budgets are with us to stay, as I said when I spoke on the budget last year.

I do not, however, approve the method followed by this government in meeting the costs of these things I have mentioned as essential, by the oppressive taxation with which the individual Canadian is now burdened, and which we apparently must bear until we come closer to an election. I recognize, further, that the money has to come from somewhere, and as an alternative to this oppressive taxation I suggest a policy of expansion and development,

designed to broaden the basis of taxation and to lower the burden now carried by the Canadian people.

As a first step, I suggest the appointment of a full-time minister of mines, forests and scientific services. The action taken by the government last fall in establishing this branch of the Department of Mines and Resources was a step in the right direction, but unfortunately does not go far enough. I believe that this nation requires a full-time minister for the work now under the jurisdiction of the mines, forests and scientific services branch, and that the expenditures by this government in regard to the work of this department have been most niggardly, and penny wise and pound foolish, in the past.

With a total gross expenditure by this government last year of $2,634 million, the total expenditure to develop and assist the mineral industry of Canada was only $3,356,000. In other words, of every dollar spent by this government, approximately one-eighth of a cent was all that was spent to encourage and assist the mining industry in all its phases; and this, notwithstanding the fact that the estimated value of mineral production for 1947 was approximately $620 million, or an estimated figure of $49.60 per capita.

The mineral industry of Canada, under the able guidance and with the assistance of a full-time minister, is capable of increasing its production to over a billion dollars annually; and if one is optimistic one can look, in the course of a few years, for an annual production in excess of the gross expenditures of this government last year.

I would suggest that the following matters of policy be taken under consideration immediately by a full-time minister of mines, forests and scientific services:

1. Decide with the Minister of Trade and Commerce (Mr. Howe) what is to be the policy of this nation in regard to the processing in Canada of primary mineral products, giving due regard to domestic demand and ability to sell in foreign markets.

2. Review with the Minister of National Defence (Mr. Claxton) our present position with regard to existing supplies of strategic minerals both from a domestic and a continental defence aspect. It is no secret that dangerous shortages of strategic minerals exist in the United States today, particularly in regard to lead, zinc, copper, high-grade iron ore, and petroleum, and I would be most surprised if similar conditions do not prevail in Canada at the present time.

3. Review with the Minister of Labour (Mr. Mitchell) anticipated demands for employ-

ment in Canada—a problem which could quite conceivably become a matter of urgent national importance.

It is recognized that for every man in Canada employed underground in the mining industry, employment is provided for ten other people in servicing the demands of the industry in various fields.

4. Review with the minister of immigration the ability of the industry to absorb, in gainful employment, above Canadian demands, those who come to this country from abroad in search of a new home and a new life.

5. Reconsider the question of assistance to the provinces to defray the costs of improving transportation facilities into mining areas discontinued by this government last year.

This work in the past has had the effect of encouraging active development in many promising areas hitherto devoid of transportation facilities. I refer more particularly to the Snow lake district in northern Manitoba and to the Yellowknife district of the Northwest Territories.

6. Provide for scientific technical and other investigations designed to further the development of the mining, metallurgical and related industries in Canada and the production of commercial products from otherwise waste materials.

7. Provide greater governmental research facilities for the purpose of discovering greater efficiency in lower mining costs, and greater recovery from ores at present available.

8. As mineral production increases, and since minerals are a wasting asset, I suggest that such a program is essential and that a greater appropriation should be made for geological survey work than has been provided for in the past.

9. Reverse the present policy of the bureaucrats behind the government of this country, and take immediate steps to develop among Canadians an appreciation of the economic importance of the mining industry to this nation.

I believe that these suggestions warrant serious consideration by this government. True, they involve expenditures beyond those at present provided; but they are expenditures which will be repaid many times over in increased production, increased employment, increased revenue to the government in the way of taxes, and, last but not least, increased security for this nation.

All parties in this house are in accord with the principle of budgeting for a surplus of revenues over expenditures. But we are not in agreement with such a policy at the expense of:

1. Oppressive taxation on lower incomes.

2. Paying off a large proportion of war debts by the present generation without corresponding governmental assistance to facilitate making the natural resources of this country available to the present generation to meet these heavy taxes.

3. Without any appreciable effort on behalf of the government to curtail and eliminate waste and extravagance.

It is significant that in the presentation of his budget the Minister of Finance failed to give concrete evidence of any real effort by his department and other government departments to eradicate duplication, waste and extravagance.

I listened with particular interest to the speech delivered this afternoon by my good friend the hon. member for Dufferin-Simcoe (Mr. Rowe). The hon. member recalled the statement made eighteen years ago when, in the face of the Hawley-Smoot tariff, the Prime Minister (Mr. Mackenzie King) urged parliament and the people of Canada to frame our tariff policies so as not in any case to provoke the United States. He recalled the words of the Minister of Finance uttered in this house six months ago that we must tax Canadian industries twenty-five per cent so as to protect the long-range interests of United States firms.

Last night we heard from the Minister of Justice (Mr. Ilsley) speaking for the government and telling the house that before tax reductions are considered in this house we must conduct ourselves so that we shall not be "severely criticized and penalized by the United States".

In the words of a member of the press gallery, the budget was written "by the uneasy light of the stars in fear of the stripes".

Mr. H. R. ARGUE (Wood Mountain): Mr. Speaker, when introducing the budget the minister gave us a summary of world conditions today. In my opinion, and I believe it is all to the good, the war hysteria which was so rampant in Canada some months ago has now ebbed considerably. I believe that only through working in the united nations with the other great countries can Canada do her part toward bringing about peace and prosperity in the world.

I am sorry that the government has not yet seen fit to recognize the new state of Israel. Our Canadian delegation supported the partition of Palestine. It seems to me that partition is now a fact, and our government should follow the governments of the United States, the U.S.S.R., and now our sister commonwealth nation, the Union of South Africa, in recognizing this state of Israel, so that Jewish people throughout the world may have in fact their long-hoped-for national home.

It has been said often in this debate that the Canadian people were disappointed by this budget. That is putting it mildly. The Canadian people generally expected more from the government. They expected more, because the government has said to them during the war and also during the 1945 election, "If you elect us we will prevent inflation, we will provide stability of prices and we will implement with the provinces an over-all social security program." So the people of Canada were disappointed. When, on the one hand, they saw a large surplus of revenues over expenditures, namely $670 million, and at the same time they saw in the budget no real evidence that the government was prepared to improve the lot of the average working man, they were disappointed.

In my opinion the government in this budget has done nothing to improve the lot of the average Canadian. Moreover, the lot of the average Canadian has worsened considerably since the budget of 1947, as a result of government policy. The people of Canada at this time were hoping that the eight per cent sales tax would be removed, that exemptions from income tax would be increased and that the government would undertake a social security program to provide better and more adequate old age pensions, and to provide an over-all health program.

There are many people in Canada at the same time—a growing number—who in a sense are not disappointed in the budget because they could not expect much from this government. I refer to the rank and file membership of the Co-operative Commonwealth Federation. The C.C.F. has become a national party because it believes that the present free enterprise system of the Liberal government, or any alternative free enterprise government, will not and cannot bring forward the legislation that is necessary to provide all Canadians with a decent standard of living and a fair share of the great wealth Canada can produce.

The members of the C.C.F. party across Canada know that their party has an alternative to the present inadequate, reactionary and backward-looking budget. The C.C.F. record is clear. It stands for price control; it stands for the removal of the sales tax on the necessities of life; it stands for a national labour code with adequate minimum wages and with a work week of forty hours. The C.C.F. party believes that profits of corporations should be kept within reason. Profits should not be allowed to run wild until they reach the point where, as the minister emphasized in his budget speech time and time again, capital expansion on construction and equipment reaches the stage where it adds severely to the inflationary spiraling of prices. The C.C.F. party believes that the only way to handle the great monopolistic corporations which so dominate the economic life of the Canadian people today is to bring those corporations under public ownership and operate them for the benefit of the Canadian people at large.

Canadians did not expect that in May, 1948, three years after the war, the cost of living would be as high as it is. Canadians did not expect to see inflation rampant in this country. At one time the minister prophesied that he expected the cost of living index would settle around 145, but today it is 152. The Ottawa *Citizen* of January 16 contained an article giving statements by various members of government made during the past few years in relation to the problem of inflation and price control. The statement is headed in this way—

Mr. PROBE: Mr. Speaker, on a question of privilege. I am wondering if we lack a quorum just now?

Mr. SPEAKER: It being six o'clock, I shall now leave the chair.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. ARGUE: Mr. Speaker, when the house rose at six o'clock I was about to deal with some of the commitments made by members of the government to the people of Canada, namely, that the government in the post-war period would undertake such measures as would prevent inflation. I was about to quote from an article which appeared in the Ottawa *Citizen* of January 16, 1948. The first part of the article reads as follows:

During the past seven years federal cabinet ministers and officials have been giving warning of the evils of inflation and high prices in announcing their determination to guard the Canadian people from them. At a time when inflation threatens to become acute through the abandonment of controls and subsidies, the following quotations make interesting reading.

J. L. Ilsley, May, 1945:

"Sharply rising prices in the demobilization and reconversion period would undoubtedly be followed by deflation and serious unemployment afterward. Stable prices are therefore essential so that there may be a smooth adjustment to peacetime economy."

Annual Report of Bank of Canada for fiscal year ending March 31, 1947:

"Any excessive run-up in prices and costs would set the stage for subsequent deflation. It would affect different economic groups very un-

equally and the resulting distortions would necessitate fresh adjustments before the basis would exist for a balanced and stable prosperity."

Mr. Abbott, Minister of Finance, January 11, 1947:

"A further orderly removal of emergency controls becomes effective on January 13, 1947. It is part of a deliberate and carefully-considered plan, designed to eliminate war-imposed restrictions as promptly as is consistent with the prevention of the sort of boom and collapse in prices which was typical of developments after the first world war. The goal of the government's stabilization policy has always been and still is to preserve orderly conditions with a view to cutting off the disrupting peak in post-war prices and to avoiding, or at least greatly lessening, the drop which inevitably follows.

Throughout the past seven years, the government has committed itself to an anti-inflationary policy. Through many statements of ministers and officials the government has promised that price controls would be abandoned only after the danger of inflation no longer existed. Events during the past twelve months prove beyond the shadow of a doubt that the government has not kept its commitment to the Canadian people. Instead, it has removed price controls until today the cost of living is so high that the average Canadian finds it difficult to purchase the necessities of life from the shrinking value of his dollar.

In 1946 the increase in the cost of living index over 1945 was only 4 points. Throughout that time controls were maintained; but from February, 1947, to February, 1948, the cost of living increased by 22 points; an increase of only 4 points when the government was maintaining general price controls, with subsidies, and an increase of 22 points when the government abandoned its own program of price controls. So bad had the inflation situation become that the government found it necessary to do something to relieve itself from the attack of the Canadian people upon its price decontrol policy. And so the government set up a committee of the House of Commons to inquire into prices. Members of Parliament well know that, even since that committee has been set up, prices have continued to rise. Not one thing has come out of that committee that is known to have reduced the prices of any important commodities. In my opinion, by setting up the prices committee the government was merely trying to relieve itself from the justifiable wrath of the Canadian people. That committee has turned out to be nothing less than a whitewash, a poor substitute for the government's once good price control policy.

In his budget speech the minister repeated time and time again that one of the main causes of the increase in prices was that corporations were expanding too rapidly in the field of reconstruction and in equipment replacement.

Mr. GIBSON (Comox-Alberni): You mean, employment was too high?

Mr. ARGUE: Oh, don't be ridiculous. I am merely quoting back to you what the Minister of Finance (Mr. Abbott) has told the house. My hon. friend, being a good independent Liberal, should accept the minister's word for it, as I do. However, Mr. Speaker, the minister's statement bears out the belief of the members of this group that the great financial interests in Canada should be nationalized. If they were placed under the control of parliament those policies could be inaugurated which would channel investments into such industries as at this time would increase the quantity of consumer goods available to the people of Canada.

Throughout the last year members of this group have from time to time quoted figures of various corporations, showing that profits have reached an all-time unprecedented high. When members of this group did that there was a general pooh-pooh from members opposite, who stated that we were merely selecting a few corporations and then making a broad, sweeping statement that all profits had risen accordingly. However, the figures presented in the white paper prove that the great corporations of Canada are making the highest profits in their history. What the Canadian people wish to know is how they as individuals have been taken care of through government policy as compared with the giant corporations.

On December 31 last, the government removed the excess profits tax. That tax on excess profits in the fiscal year 1945-46 yielded the government revenues of approximately $494 million, and in 1946-47, $448 million. These revenues will no longer be obtained because the government has removed the excess profits tax. I believe that tax was a fair tax; it was a just tax; it was a tax on excess earnings, and surely the companies that make excess earnings could better afford to pay taxes to the national exchequer than a single man earning something more than $750 or a married man struggling along on something over $1,500 a year.

The figures in the white paper prove beyond the shadow of a doubt that within the last twelve months corporation income has increased much faster than the income of the Canadian people. Corporation income in 1946 amounted to $1,421 million; in 1947 it was

$1,821 million. That was an increase of twenty-eight per cent. In the white paper the government tells us that personal incomes increased by only seven per cent, so that the profits of big corporations increased in 1947 over 1946 by an amount four times as great as the increase in the personal income of Canadians.

Mr. GIBSON (Comox-Alberni): Where do you get your figures?

Mr. ARGUE: Out of the government's white paper.

Mr. GIBSON (Comox-Alberni): I am studying it now and I cannot see that.

Mr. ARGUE: Read it carefully and you will find out. Corporation profits after taxes amounted in 1946 to $751 million and in 1947 to $1,017 million, or an increase of thirty-five per cent. That is corporation profits after taxes. Individual incomes, after direct taxes, increased from $704 per capita in 1946 to $741 per capita in 1947, or an increase of five per cent. So that the sum available to business, after paying taxes in 1947, had increased by an amount five times as much as the income of individual Canadians.

That, I submit, shows beyond contradiction that the government's policy within the last year has been one to make certain that the profits of big business in Canada increased to a far greater extent than wages, salaries and incomes of Canadians generally.

The cost of living index in February, 1948, as compared with February, 1947, had increased by seventeen per cent. During that period, personal incomes of Canadians had increased by only five per cent. The cost of living index had gone up by seventeen per cent, and individual incomes had gone up by only five per cent, so that the average Canadian in 1947 had twelve per cent less real income than he had in 1946.

I now come to undistributed profits of corporations, or, in other words, savings of corporations. In 1946 undistributed profits amounted to $411 million, and in 1947, to $609 million, an increase of $198 million, or forty-eight per cent. But individual Canadians within that period were unable to save at the same rate that they had previously, so that we find personal savings of individuals in 1946 were $957 million, and in 1947 those individual savings had shrunk to $588 million, a reduction of $369 million, or thirty-eight per cent. Undistributed profits increased by forty-eight per cent, but the savings of Canadians decreased by thirty-eight per cent.

In a situation such as that, one would expect that any government that had the interests of the Canadian people at heart would increase the taxes of big business and decrease the taxes of individual Canadians. But on page 4061 of *Hansard,* in his budget speech the minister estimates that corporation taxation in 1948-49 will be $591 million as compared with total corporation taxes of $687 million in 1947-48, or a reduction in the amount of tax levied on corporations to the extent of $96 million.

Personal income taxes, the minister estimates, will produce $15 million more revenue in 1948-49 than in 1947-48, so that, in spite of the fact that corporations have increased profits tremendously, in spite of the fact that the average Canadian cannot save as much as he did a year ago, the government in this budget is reducing taxes on corporations by $96 million and expects to extract $15 million more in personal income taxes from individual Canadians.

The minister, on page 4056 of *Hansard,* in the budget speech, says:

> As consumers, we are bidding eagerly for a limited supply of goods, throwing into the auction not only most of our current incomes but also part of our past savings and additional funds obtained by instalment credit.

He is saying that the individual Canadian is now throwing into the auction most of his present income and part of his past savings and is going into debt. In other words, the average Canadian is going bankrupt today at a time when big business is making large, unprecedented and unjustifiable profits.

The minister last year, in his budget, which foretold the removal of excess profits tax, which foretold his policy of removing price control, made the following statement on page 2626 of *Hansard:*

> With the orderly removal of controls, with increasing supplies of material, with efficient and co-operative labour, and with ample markets, Canadian business enterprise is in a most favourable situation. We all expect it to show its mettle, both in production and in marketing.

Then note this:

> We expect it to show its ability to keep down costs and prices. In its own long-run interest, as well as in the national interest, business must keep its prices down and its profits within reason.

The minister last year placed his hope in business. He said that in its own interest business must keep its prices down, but business did not keep its prices down. Prices have gone up tremendously, and still, in spite of the fact that big business had not warranted the faith the minister last year placed in it, the minister in his budget this year is doing nothing about the matter.

Does the minister think an increase in corporation profits of twenty-eight per cent is

keeping profits within reason? Does he think an increase of thirty-five per cent in corporation profits, after taxes, is keeping profits within reason? Does he think an increase in undistributed profits in one year of forty-eight per cent is keeping profits within reason?

The members of the C.C.F. group believe that these profits are far too high. We believe that corporation taxation should be increased. If the government did that, they could get hundreds of millions of dollars of additional revenue, and at the same time they would slow down the huge capital expansion program which the minister has said is a factor causing much of the present day inflation. But after last year, when events have shown that the minister's faith in business was not justified, he states this year, on page 4056 of *Hansard:*

> The policy of the government has been to return to a free price system and to moderate the inevitable increases in prices at this time by whatever fiscal and other methods are possible under such a system.

The minister this year tells the house that increases in prices are inevitable. But last year he was telling business to show its mettle, and to keep its prices and costs down.

Then we come to the changes outlined in the budget. One of the changes was to increase the tax exemption for a married couple over sixty-five years of age. Last year a married couple earning $2,000 paid an income tax of $70. This year they will not have to pay any income tax at all. The people in Canada over the age of sixty-five who last year had a net income of $1,930 will this year be given an additional income of $70 to bring their income up to $2,000. But the old age pensioners, the couple who are living on $60 a month, or $720 a year, are getting nothing from this budget.

Mr. GIBSON (Comox-Alberni): That is not so in British Columbia.

Mr. ARGUE: I said they are getting nothing from this budget of this government. That has nothing to do with the provincial government in British Columbia.

Mr. GIBSON (Comox-Alberni): I thought the hon. member referred to the provincial government.

Mr. ARGUE: The minister announced that that proposal would reduce the government's revenue by $5,000,000. Then the minister announced that an estate would in the future be exempt up to the sum of $50,000 instead of the present $5,000, and that the government would, as a result, lose another $5,000,000 in revenue. I think it would have been much better had those changes not been made and had that $10,000,000 been spent on the old age pensioners today. There were 210,000 old age pensioners in Canada in 1947. That $10,000,000 would have meant an additional $48 per pensioner per annum, or an increase of $4 a month.

Mr. GIBSON (Comox-Alberni): Why do you not start in with Saskatchewan?

An hon. MEMBER: We have.

Mr. ARGUE: We are paying an additional $5 a month in Saskatchewan and also providing free hospitalization, medical and dental care. I am sure the old age pensioners in Saskatchewan believe that the present Saskatchewan government has treated them well.

Mr. GIBSON (Comox-Alberni): Why are they moving out to British Columbia?

An hon. MEMBER: Keep on asking questions.

Mr. SPEAKER: Order.

Mr. ARGUE: I think it is a crime that throughout the budget the various changes made by the minister mean that the people in Canada who have already received or are receiving a high income will get a higher income while those people who are struggling along on a low income will get no benefits from this budget.

The C.C.F. group believe in better old age pensions. The government has led the Canadian people to believe, through its proposals to the provinces, that a general old age pension would be paid to everyone at seventy years of age, without a means test; and that the federal government would make a fifty per cent contribution available to the provinces for the pensions of people between the ages of sixty-five and seventy. But the government has not done that. The Liberal government had not provided the social security legislation that the Canadian people were looking for.

Mr. GIBSON (Comox-Alberni): And British Columbia pays for it.

Mr. ARGUE: But the government took care of the security needs of some Canadians. In 1947, this government introduced a bill, and passed it in spite of C.C.F. opposition, which increased the salary of the leader of the government in the other place by $7,000, giving him a total salary of $13,000.

Mr. GIBSON (Comox-Alberni): How about our own increase?

An hon. MEMBER: Was that a salary or a pension?

Mr. ARGUE: I have heard it called an "old man's home"; but when I hear of a salary of $13,000, it seems to me to be a pretty good home.

The same government in 1946 presented and passed in this house a bill to increase by one-third the salaries of judges. The government said, with regard to a judge who had been receiving $15,000, that for him to be a good judge, he must have a good income; and that $15,000 a year was not enough for a judge. So the government said, "We will give him $20,000 a year and we will give the old age pensioners $30 a month."

Mr. GIBSON (Comox-Alberni): Why did we not study law?

Mr. ARGUE: The C.C.F. party does not agree with a policy of that kind.

Then there was the famous pension for the members of the diplomatic service. The government guaranteed them a pension of from $3,000 to $7,000 a year, even if they had been in the diplomatic service for a period of only five years.

The government, in its proposals to the Canadian people in 1945, stated that it was prepared to assume sixty per cent of the national health insurance program. It estimated at that time that that sixty per cent would cost the federal treasury $150 million a year. The government did nothing for a long time after the 1945 election. A few weeks ago it announced proposals whereby the provinces could obtain, through various steps, up to $30 million a year. The federal government in 1945 promised the Canadian people $150 million a year for better health services. It waited for three years and then brought in a scheme to provide only $30 million a year. In this regard, Mr. Speaker, the government has kept its promise to the extent of only twenty per cent.

An hon. MEMBER: Shame.

Mr. ARGUE: I do not think I should end my speech on the budget without emphasizing the problems that face farmers at the present time. I can remember that ten years ago tractor gasoline could be bought for sixteen cents a gallon. That same gasoline todays costs thirty cents a gallon. Combines have gone up until now one of the better combines—a 14-foot self-propelled combine—will cost $5,000. The farmers believe that their machinery is costing from two to three times as much as its value. Imperial Oil profits for 1947 were over $3,000,000 higher than in 1946. Massey-Harris profits in 1947 were almost fifty per cent more than in 1946. The Cockshutt Plow Company profits had increased by fifty per cent. The Canadian Pacific Railway Company in applying for an increase in freight rates, estimated that its net railway income in 1947 would be $14,800,000. Instead of that, its net railway income turned out to be $22,800,000, or $8,000,000 more than it had estimated.

The picture across Canada is the same for almost all other corporations. Profits are going up by leaps and bounds. Companies can now charge everything the traffic will bear. The packing industry has told us that it charges the highest prices it can obtain for its products and that it buys the farmers' produce at the lowest possible prices.

Mr. PROBE: Good old free enterprise.

Mr. ARGUE: The record of the Liberal government today shows that, in all its major legislation, it has increased the profits of big business. It is increasing the net income of certain individuals over sixty-five years of age who are now earning $2,000 a year or more. At the same time it has not increased the old age pension. It is paying higher salaries and pensions to people in the other chamber, to judges and to tired diplomats, and at the same time this government is allowing prices to go sky-high, until today the average consumer in Canada does not know where he will get the money to buy an adequate supply of food and proper clothing, to educate his family, and to pay for a decent home. It is time the government changed its program.

An hon. MEMBER: Change the government.

Mr. ARGUE: We will leave that to the Canadian people. Some seventy-six per cent of the Canadian people believe in price control, and I think it fair to assume that seventy-six per cent do not believe in the government opposite.

The Canadian people would like to see the following changes made at this time:

1. Reimpose price controls on essential commodities and reinstate subsidies on essential goods.
2. Increase corporation taxes and reinstate the excess profits tax.
3. Raise the income tax exemptions to at least $1,250 for a single man and $2,500 for a married couple.
4. Socialize the chartered banks so that loans may de directed in such a way as to increase the production of consumer goods.
5. Increase old age pensions to $50 at the age of sixty-five, without a means test.
6. Implement a national prepaid health service program.
7. Levy the farmers' income tax in a fair and equitable manner; and this is important if we are to get the production we need.

8. Remove the unjust twenty-one per cent increase in freight rates; and I wish to emphasize that the increase in freight rates is a most important issue in the west at this time.

Mr. DOUGLAS G. ROSS (St. Paul's): Mr. Speaker, the hon. gentleman who has just taken his seat says the socialists advocate an increase in the corporation tax. I wonder if he realizes, and if he does not I should like to point out to him, that the corporation tax now collected by the government is figured in the cost of doing business, so that to increase the corporation tax would mean that the products of business would have to go up in price.

In taking part in this debate I want to congratulate the Minister of Finance (Mr. Abbott) on the way he brought down his budget on Tuesday, May 18, the budget to which all the people of Canada had been looking forward with high hopes for so long. The people of Canada expected some relief from taxation as a result of information which had been given out with respect to the surplus we were to have at the end of the year; but they were sadly disappointed. With the exception of one or two features, this budget was a disappointing document. It marks a departure from sound principles of taxation.

I would point out, Mr. Speaker, that in 1946 the government budgeted for a deficit of $300 million and showed a surplus of $374 million. In other words, it took in $674 million more than it budgeted for. This may have been an error in judgment, but believe me it was some error. Again in 1947 the government budgeted for a surplus of $190 million and turned up with a surplus of $670 million, a miscalculation amounting to the huge sum of $480 million. In the two years the miscalculation in its forecasts amounted to only $1,054 million. These miscalculations must come as a bit of a shock to many people. It may be a pleasant shock, but just the same it is a shock.

I cannot think they were altogether errors in judgment; they were too large. Even taking into consideration the immensity of the calculations necessary in preparing a budget, it seems to me that a more accurate forecast could have been made. The government had all the information at its disposal; it had the experience of the 1946 forecast, and the actual results that year. I cannot help thinking—and many others feel the same—that it was either the result of a combination of guesswork and incompetency, or deliberately arrived at for some ulterior motive. Perhaps the government felt it would like to prepare for an early general election this year, and wanted to turn up with a surplus of $670 million in order to show the people of Canada what fine fellows they were. It can be fairly assumed that mistakes and errors of judgment are to be anticipated, but surely not on this scale.

As I said before, the surplus was anticipated by the public from at least the middle of the year, according to the information they had been given. In fact they thought it would be closer to a billion dollars; and certainly they thought there would be a substantial easing of taxation in the various fields. What a let-down the people have had! They have been given practically no relief. This year taxes are proposed not only to provide for expenditures but for the sum of $549,000,000 in excess of requirements, the largest amount ever budgeted for in the history of Canada. Apparently one of the objectives is to cut down expenditure by taxpayers with a view to guarding against inflation. This is not a taxation principle; it is but an extension of the controls which most people wished to have diminished as rapidly as possible following the war and finally done away with. This country has been built up and has prospered largely through the thrift and enterprise of its people. I am sure it would be better and safer to depend upon the thrift of the individuals than to take all available money away from them in order to prosecute plans which may not be quite so successful as the planners hope. I believe the people of Canada want to provide for themselves with as little government aid as possible.

It always happens that one control leads to another, and results in an increase in the cost of living. Taxation comes out of all the people, not just a few. The people in the middle brackets are just about as hard hit as anyone. It is very difficult for them to get on with the high rates of taxation in effect at the present time.

The minister tried to point out that the government was exercising every possible economy. It does not seem to me like that. If one looks at the estimated expenditures he will find that the onlv economy contemplated is to be imposed on the taxpayers of Canada. While in 1939 we had 49,000 civil servants, today we have 117,000, all of whom are non-productive.

I would point out that for every thousand millions dollars by which we reduce our debt, we reduce our interest charges by about $27,000,000. Let me point this out, that for every ten thousand civil servants we are able to do without today—and if the government would use better methods of economy, I

believe we could do without many of them—we would make a saving of at least $20,000,000 to the taxpayers of Canada.

Going through the estimates, we find that in the ordinary expenditures there is an increase this year of more than $174,000,000—an increase, in this day and age, over last year. That is in the main estimate. It is right there, on ordinary expenditures. Certainly this does not look like vigilance on the part of the government in reducing expenditures. I say there should have been a reduction instead of an increase in these ordinary expenditures.

And, by the way, I should like to quote an article that appeared in today's Ottawa *Journal,* which states:

> There is another line of attack parliament might take and more usefully. Attack upon expenditures.

It goes on to say:

> Increased expenditures since 1938 due to the war total $831,753,373. Increased expenditures since 1938, not due to the war, total $737,681,383.

And then the *Journal* goes on to say:

> Here is Parliament's real job. The job of watching what the government does with the great surpluses it has on hand, and will have on hand; checking the temptation to spend which will be born of such great sums of money.

And it goes on to say:

> The checking of estimates, with audit of accounts, is parliament's traditional function. Parliament has been betraying that function.

The article states that is one reason why taxes are high and expenditures are high. That is true. Some method will have to be taken by parliament to check on these expenditures.

It will be noticed that when the estimates are under consideration it is very difficult to get any detailed information on expenditures. For the average member of parliament it is impossible to get from the ministry any details with respect to expenditures. Ministers should be able to give that information. Surely there is some way of getting it, some way in which the ministers of each department could be questioned—in a committee, or in some other way.

For instance, in this year we shall find that hundreds of millions of dollars will be put through before the end of June. There has been much talk about one thing and another; but the real business of parliament is to get down to the matter of seeing that expenditures in this country are kept down, and to see that the government is not overspending.

As I said before, in 1946 there was a reduction in taxes with a budget forecast deficit of

$300 million. This reduction was hardly expected, but it came. It is true that when the $374 million surplus was announced in 1947, after the year's operations, the people expected an easement of taxes, and they got it. Now, with an estimated surplus of $549 million for 1948-49 and a surplus of $374 million in 1946 and $670 million in 1947 there is practically no relief for the taxpayer of Canada.

I want to say, no matter what anyone else says, that the people of Canada are good and mad because they have not had some relief from taxation. It is all very well and most commendable to reduce the debt, but in reasonable amounts. In 1946 the net debt was $13,421 million; in 1947 it was $13,069 million, or a reduction of $352 million. In 1948 the net debt was $12,377 million, or a further reduction of $692 million; or a total reduction in two years of $1,044 million, or eight per cent.

People certainly expected they would be given some relief by way of a reduction in taxation. Also I am sure they expected there would be some debt reduction as well. Might I say in passing that there are many more thousands, if not millions, of people needed in Canada to help develop this country, to produce and to work out their living for themselves on their own behalf. The more we have here, the fewer we shall have to feed overseas. The more we have here, the more we shall have to help feed those who are overseas. The more we have here, the more we shall have to help service our $12,377 million debt.

Now, what about the estimated surplus of $549 million for 1948-49? With the example of the 1946 forecast, which was underestimated to the extent of $647 million; and with the 1947 underestimation of $670 million, how accurate is the 1948 calculation? Should it be $800 million, $900 million or $1,000 million?

In any event, the mounting cost of living is not underestimated. Under present government policy it may be expected that the cost of living will continue to rise. It has risen in Canada from an index of 131 in April, 1947, to an index of 152 in April of this year, or an increase of 21 points. The cost of clothing has gone up 36 points. It will probably approach the cost of living index in the United States index of 168. The cost of living in the United States has risen by only 12 points in the year. If this occurs—and it probably will—revenues will increase rapidly. Everything points to a much larger surplus, and also everything points to an election next year.

I do not know whether the minister has deliberately underestimated, for the purposes of an election next year. I cannot say that definitely. But, judging from his budget, I would suggest that this might be so. And what a hurrah there will be when the election is called—when the government is deader than it is now. It will have to have artificial life from somewhere. The public will have to have some kind of shot in the arm in order to keep them sweet with the government. I suppose that shot in the arm from the government will be a huge surplus and huge tax cuts. I cannot say that will happen, but I am bound to forecast that I believe it may happen, and I shall be more accurate than the minister.

The Minister of Justice (Mr. Ilsley), speaking in the house on Wednesday, said that this kind of budget does not provoke immediate commendation. Indeed it does not—it has provoked condemnation. He said that it will get more approval as time goes on, but he does not need to fool himself. The people do not like to be mulcted for political reasons under any guise or excuse, but that is what they think this government is doing. It is a bid for power next year, but they will not forget.

The hon. member for Dufferin-Simcoe (Mr. Rowe) referred to what the Minister of Justice had given as a reason for there being no reduction in taxation this year, that because of the tremendous efforts the United States people are putting forth by way of aid to Europe we could not do much more than we are doing; they would resent our shoving our taxes down. What utter nonsense!

Let me point out that Canada has done more in this connection on a per capita basis than has the United States. Despite the tables in *Hansard* with regard to federal and state income taxes, the people of Canada are paying far more than are the people in the United States when we take into consideration sales and excise taxes and customs duties. The people of Canada have nothing to be ashamed of, nor need they make excuses to their friends to the south even if our taxes were lowered. I would also point out that we in Canada are paying for two years more of war than are the people of the United States. So no reduction of taxes because they might be annoyed! In the meantime the people are mulcted of their hard-earned wages.

As I said before, the public expected an easement of taxation. Only last week when I was home in Toronto, several office managers informed me that a day or so after the budget was announced employees began flocking to their offices requesting wage increases. These increases are asked because the government's inflationary policy has increased the cost of living. Increased wages will increase costs, further adding to inflation.

Because of taxes—personal income tax, sales tax and excise tax on soft drinks, candy, cigarettes, et cetera—the average man finds it most difficult to put anything aside. His income is exhausted by taxation and current bills. Wage earners seek relief from the high cost of living by demanding more take-home pay. Without there being some reduction in taxation, that is bound to happen.

What about the eight per cent sales tax? The eighty cents that was paid by way of tax on an article which sold for $10 wholesale in 1939, in most cases, because of the increased price of the article, is now $1.20, $1.40 or even $1.60. Hon. members can see how inflationary that is. It tends to hamper and discourage the production of goods. Production is the real cure for inflation. As I pointed out, even with the present level of the corporation tax, part of the cost of doing business is such that the selling price of manufactured articles must be increased.

Let us consider the inexcusable and iniquitous excise tax of twenty-five per cent. In many cases this tax is imposed upon the retail price which includes the sales tax. Also take the tax on automobiles as another example. The cheapest car on the market sells for $1,655 retail. The excise tax on this car is $256; the sales tax is $82.20, or a total tax of $328. The mark-up of twenty per cent on these taxes amounts to $67, making a total increased cost of $405 to the buyer. Automobiles of this type are not luxuries. There is no more room in the large cities and people have to go to the suburbs. A car is a necessity because the hard pressed man has to get out of the city. But he finds that he must pay $405 more. That is inflation; you cannot get away from it.

All these taxes are being left on with this budget to obtain an advantageous position next year in the case of a general election. The minister says the government is unwilling to lighten the burden of taxation because of its policy of fighting inflation with taxes or, in other words, the planned control of spending. He terms this policy anti-inflationary, but that is a misnomer.

Taxation in this country has aggravated inflationary tendencies because it is too onerous and unjudiciously applied. What has happened? Bank statements show that the rate of public saving has dropped because of the rising cost of living as expressed in the wholly fallacious price index for consumer goods and the heavy impost on personal earnings. The desire to save and the pride of ownership have to a great degree been destroyed. As a matter of fact,

they have been made impossible because of these taxes. It is not only those in the low-income brackets who are having a bad time; those in the middle income brackets are having just as tough a time.

As I said, the budget is inflationary because the present taxation brings savings out of the bank or out of the old sock. It tends to liquidate savings in bonds and discourages investment in productive enterprise and thus hinders production. The collection of so much money by taxation tends toward improvident spending on the part of the government. It draws money out of productive employment and spends it on an overlarge army of government employees and bureaucrats, most of whom are non-productive, as well as pumping the money back into consumer channels by way of salaries and wages, with no production of real wealth.

If there ever was a policy which was not anti-inflationary, the policy of this government is certainly one. Talk about controls; one control just leads to another and you never know where you are going to end. It is just about as hard to control individual spending without inflation.

Then, as to the government policy with respect to importations from Great Britain, the minister is reported on page 4063 of *Hansard* as follows:

> If we diverted our prospective surplus into a reduction of taxes now, it would add hundreds of millions of dollars a year to the already intense demand of Canadians for goods and services—

I doubt that very much.

> —but it would add nothing to the volume of Canadian goods and services available for sale. People would try to buy more, but there would not be more to buy, unless the effort to get it resulted in more imports that we cannot afford and which we would have to shut out somehow or other. Prices would be sure to rise.

Unless it resulted in more imports that we cannot afford to buy. There are imports from Great Britain which we can afford to buy. In fact it is most necessary to do so. We have a staggering but stagnant balance with them now. We all know that Great Britain needs goods and foodstuffs from Canada. London will have to dip into her dollar and gold reserves to the tune of $1 billion for the year ending December. It shows that they do need the money. We must do everything we possibly can to see that they get the money. Canada can produce the food that Great Britain needs, but Britain needs the cash to buy these goods. This government is taxing the people at the present time to buy from themselves to send to Britain; in other words, we are lifting ourselves by our bootstraps,

[Mr. Ross (St. Paul's).]

creating a false prosperity. We have that right here at the present time. We are selling to Great Britain for no productive return. Quality and quantity of goods on the market are the best things in the world to stop inflation.

This policy is having only one effect, augmenting and emphasizing the impact of scarcity of consumer goods in Canada, and further increasing inflation. The government is hoping that the Marshall plan, the ERP program, will have some effect and will save Canada from its present dilemma. I think the government's hopes are groundless, if we may judge from the information we get on the condition of the countries over there. In the meantime the government has prohibited the importation of certain goods and placed other goods under quotas and import controls in the austerity program. That is inflation. It prevents the goods from coming in; therefore it increases prices. This program is, of course, government control in Canada—with a vengeance.

Great Britain comes under the same category as that of the United States in this program. Why should this be? Why should Great Britain be placed in the same category, when she needs our funds and our goods? I suggest that all these controls against the importation of goods from Great Britain be done away with at once. There are many hundreds of products of the British isles which could come in here in normal trade. It would be encouraging to the people of Great Britain. The suspension of the preferential tariff on British cottons and rayon goods is to be commended. Remove all the articles, or most of them, from schedule I, the prohibited list and it will increase the supply of goods in Canada and be anti-inflationary. It will help Britain and Canada.

The reduction of taxes, combined with the supplementing of supplies from Great Britain, will aid in reducing prices and combating inflation. The plans of the planners have gone wrong. They have not stopped inflation in prices or reduced the cost of living. Taxes have a great bearing on it. The government must cut down on its expenditures and get away from so much paternalism and regimentation, and the control over the spending of the people. The people want to stand on their own feet. They want an opportunity to make their own way in this wonderful country of ours, to use their own initiative and to spend and save their own money according to their better judgment. I ask the government and the parliament of Canada to trust the people.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, the best that one can say of this budget is that its sins are sins of omission rather than of commission. It is indeed the kind of budget that one would expect from a bright young Conservative lawyer called to administer an important government department. If I may be allowed to paraphrase a famous statement I would say of this budget that seldom did a finance minister say so little in so many words; nevertheless there are a few items in it that deserve analysis.

I wish to refer for a few moments to the raising of the income tax exemptions on incomes of persons sixty-five years of age and over. There are valid reasons for raising income tax exemptions at this time, but surely it should be done on the basis of income and not on the basis of age. This is adopting a new principle in Canadian taxation, and may I say it is a most illogical principle. If it is carried to its logical conclusion, some day when you give your little boy eight cents to go to the store to buy a chocolate bar the person behind the counter will ask him, "Is it for yourself or for your grandmother?" That is exactly the sort of absurdity that this principle of making exemptions according to age leads to. Why should a person who has, let us say, the income that I have been receiving for the last few years, namely, $6,000 a year, receive an extra exemption of $500 a year just because he or she is 65 years of age or over? Surely no argument can be made for that sort of thing, but an argument can be made for the change that was not made, namely, raising the exemptions of all persons in the low-income groups by $500.

Mr. McIVOR: There are not many of them.

Mr. MacINNIS: If my hon. friend was not a preacher I would doubt his word. However, since he is, I suppose I have to take his statement, but he will have, when he goes home to Fort William, to square it with the people there.

When the minister made the proposal in his budget speech the other evening he said at page 4067 of *Hansard*:

> Having in mind the large number of elderly people living on small fixed incomes, and out of consideration for the particular trials and increased expenditures that usually come with advancing years, I am proposing that an additional exemption of $500 be granted to a taxpayer of sixty-five years of age or over.

It is too bad that the Minister of Finance (Mr. Abbott) did not have a talk with the Minister of National Health and Welfare (Mr. Martin) before he drafted the amendment to the Old Age Pensions Act last session. It is too bad that the latter did not have an opportunity to tell the Minister of Finance of the troubles and trials of people in the seventy years of age group, and the increased income they should have because of their increasing disabilities. Evidently that was not done.

I agree with the minister that many in the sixty-five years and over group find it difficult to exist on their present incomes, but I want to tell him that very few of those who need assistance and need it most, will be helped by the exemption, because their incomes are not high enough to be taxed. Surely these are the people who need help.

Having mentioned the old age pensions, let me compare these exemptions with the government's old age pension policy. The old age pension is $30 a month, or $360 a year. Remember also, that if the wife of a pensioner is not eligible in her own right, although she may be sixty-five years of age and cannot earn an income, there is no contribution on her behalf. The two of them have to get along on $360 a year if they have no extra income. If they have extra income, a single person can have income up to $600. A married couple can have an income up to $1,080. If, however, the income goes above these amounts their pension is reduced accordingly.

Surely there must be something wrong with the sort of reasoning that gives an increased exemption to a person who has an income of $750 or over, if single, and $1,500 or any amount over that, if married, and then refuses to allow to a single person the right to increase his income over $600 without being penalized, or a married couple to increase their income over $1,080 without penalty.

Old age pensioners, as I have pointed out, cannot receive benefits. This provision does not allow for it, because under it their incomes are not high enough. According to the 1947 report on the Old Age Pensions Act, forty per cent or more of the population of Canada at the age of seventy or over are now in receipt of old age pensions. The number last year was, I believe, 209,029. I do not know how many will benefit under the government's proposal for raising the exemption, but I am satisfied that it is not anywhere near one-half this number. I would say the figure would be about 80,000, or about eight per cent of all persons sixty-five years of age and over.

Mr. MARTIN: The total number is 275,000.

Mr. MacINNIS: Does the minister say the total number of old age pensioners is 275,000? My figure was for the year ended March 31, 1947.

The economic condition of persons seventy years of age and over is tersely, and I presume correctly, put in the green book containing the government's proposals to the provinces in 1945. At page 37 I find, under the heading of "Deficiencies of the present scheme", that is to say, the scheme we have now, the following:

> The means test is generally recognized as undesirable after a certain age. It has been noted that about 40 per cent of all persons of seventy years of age and over make application, satisfy the means test requirements and receive pensions. There is little doubt that a very considerable number in addition are not able entirely to support themselves, but are dependent upon their family, and refrain from applying for pensions because of embarrassment occasioned by the means test.

None of these people will benefit under these exemptions. Then, as regards those in the sixty-five to sixty-nine age group, the same green book states:

> The minimum age of seventy, though convenient as a dividing line with respect to the payment of any kind of universal old age pension, is nevertheless too high in a number of cases of actual need. A strong case can be made for reducing the age limit to sixty-five in order to provide assistance, at least for those in the age group sixty-five—sixty-nine, who are actually in need.

It seems to me it would be much better, and it would serve a much greater need, if the government, instead of allowing additional exemptions to those who least need them, had done something to help those who are in dire circumstances.

I suggest to the Minister of Finance that income tax on the age basis is wrong in principle, that the people who need assistance are those whose incomes are not sufficient for a standard of living that can maintain health and decency. Therefore, income tax exemptions should apply not only on the income of persons of sixty-five years of age and over but on all incomes below $1,250 for single and $2,500 for married persons.

By way of a little advice to the Minister of National Health and Welfare, I would say that the government's proposals for increased exemptions for persons of sixty-five years of age and over make the means test for old age pensions more illogical than ever, and I suggest that he bring in a bill, even at this session, to eliminate that. There is no longer any logic or justice in maintaining it after the proposals for the new income tax exemptions have been approved. The abolition is also, as the hon. member for Winnipeg North Centre (Mr. Knowles) reminds me, mentioned in the proposals set out in the green book, in which the government agreed to assume the whole pension without a means test for persons seventy years of age and over.

[Mr. MacInnis.]

I am not quite sure, but I believe the minister said in his budget speech that one of the reasons for not raising exemptions in the lower income groups was the fear of its inflationary effect. On page 4056 of *Hansard* he said:

> As consumers, we are bidding eagerly for a limited supply of goods, throwing into the auction not only most of our current incomes but also part of our past savings and additional funds obtained by instalment credit.

I am wondering whether the minister realized the implication of his own words. Speaking in the budget debate last year, I drew attention to the fact that instalment buying was on the increase and that this could mean one thing only, and that was that people were not able to buy the necessities of life with their current income. If that was the case a year ago, it is more the case this year, because prices have risen considerably in the meantime.

In a recent report by the dominion bureau of statistics, it is stated that, although the money value of retail sales is still increasing, the volume of goods sold has been decreasing since October of last year, and that the decrease in volume since that time is about ten per cent. What is happening, then, is this, that as consumers we are paying more money for fewer goods. To those in the higher income brackets that is not of very great importance. It means one of two things. They can reduce their savings or they can reduce their luxury buying; but, as far as the essentials or the necessities of life are concerned, they can still buy sufficient to maintain their living standards. For those in the lower income groups the situation is quite different. For them higher prices mean a lowering of living standards and also going into debt. That situation needs to be rectified, in my opinion, as soon as possible. One way of rectifying it is by raising the exemptions and giving more income to those in the lower income groups, even if this has to be done by raising taxes in the higher income brackets.

The drastic increase in prices in the last year and a half or two years make the raising of the exemptions in the low-income groups nothing more than a straight matter of justice. Let us just see what the situation is. The exemption of $750 for a single person and of $1,500 for a married couple came into effect on January 1, 1947. The cost of living index at that time was 127. The index today, as it appears in the minister's budget statistics, is 152, or in other words, there is a rise of approximately twenty per cent in the cost of living. This means that the $750 of January 1, 1947, is worth only $600 now and that the $1,500 is worth only $1,200 now. Yet with all

those facts before him, the Minister of Finance and the government expect the people of this country to carry on as if nothing were wrong. I am afraid they will have a rude shock some day, because you cannot treat people over a period of time in that fashion, without producing certain changes in their mental outlook and on their loyalties.

Considerable was said, Mr. Speaker, about the large surplus announced by the Minister of Finance. I will say at once that I have no objection whatever to the Minister of Finance showing a large surplus. Any objections that I have in the matter are based not on the size of the surplus but on the way in which the surplus was raised. Too much of it was raised by indirect taxes and too little from direct taxes, at a time when incomes in certain quarters were at an all-time high. It seems to me that if the government at this time did not provide for a substantial surplus, it would be subject to severe censure by the people of this country. We have a huge debt occasioned by two wars and ten years of depression. Surely we are not to continue paying interest on that debt forever or until, if economic conditions get bad—as they were before the war—we shall be adding again to the debt.

I should like to point out to hon. members who are objecting to this budget that the interest on the national debt last year, in 1947, was $466 million, or more than twenty-one per cent of the total expenditures. May I also point out that that is only $50 million less than the total estimated revenue for the year 1938, just ten years ago.

I think it was the hon. member for Muskoka-Ontario (Mr. Macdonnell) who the other day said something about being old-fashioned. I may be old-fashioned. I do not like debt and I do not think debt is any better for a country than it is for an individual. The time when we should budget to reduce the debt is a time like the present when the government finds itself in the same position as the people who appeared before the prices committee who say, according to their evidence, that they made money in spite of themselves. They said they could not help it. When it was pointed out that their profits were unduly high, they replied that they just could not help it, that they made the extra money because the market was that way; and the market was that way because the government removed price control. Because the government did not maintain price controls, it has more money than it budgeted for; and just because it has that, I think the country should get the benefit of it in reduced debt.

There are a number of other items I should like to refer to, but I want to have time to refer briefly to some comments made by the financial critic for the official opposition. I am doing that because the hon. member made a plea for clear thinking. Because he made a plea for clear thinking, I took the trouble to read his speech most carefully, and I am bound to say that seldom have I read a speech that is so full of cliches and catch-phrases as is the speech of the hon. member for Muskoka-Ontario last Friday. I hope the hon. gentleman will pardon me for saying that, because I have a high regard for him. But as he in the same speech also made a plea for intellectual honesty, I am bound to say what I have said.

I shall refer to only two or three points. At page 4242 of *Hansard* he is reported as having said:

> I am sure everyone will agree, even those who do not share the view that private enterprise is the solution to our economic problems, that the lifeblood of private enterprise is that new and small businesses should constantly be coming into the picture and be encouraged to become bigger.

It usually happens that a small industry does get bigger, but as it gets bigger, the smaller ones have a tendency to disappear. I have no objection to the hon. gentleman wanting small industries because they are the lifeblood of the country, but when at the same time he says he hopes they will get bigger I really cannot understand him.

Mr. MENARY: You would not want them to get smaller, would you?

Mr. MacINNIS: The average life of an industry in the United States is eight years. From the way they were going under during the ten years between 1930 and 1939, I do not know whether their span of life is longer in this country, but we may find out.

Mr. FULTON: He means he hopes they will prosper.

Mr. MacINNIS: Well, I hope so, too. Then at page 4247 of *Hansard* the hon. member gets down to the matter of saving. He said:

> I am going to say a word about savings, though one is almost self-conscious in talking about savings these days. Many people think that is a silly old-fashioned thing only talked about by people who are still living in the nineteenth century. My own belief is that there is great danger in the view which is so widely held that wealth consists in pieces of paper. If only we could think of it in terms of goods I believe we would be much more sensible. If we would also remember that at the present

time we are living largely on savings, as I say both government realizations and the savings of private individuals, who are spending more than they are saving, as a whole, we would appreciate how important it is.

I think we should be clear in our own minds as to what are savings, because I do not think the hon. gentleman is clear. What are savings? My own definition is that savings are that part of the national income not spent on consumption goods, if it is invested in capital goods for the production of new wealth. As long as savings can be invested in producing new wealth, saving is desirable. When savings cannot be used in that way, saving becomes socially undesirable; it becomes hoarding, and is a detriment rather than a benefit to the economy. As a matter of fact, anyone who believes that the money used to exchange the goods we produce is wealth is backward in his economics. It is so elementary that it is hardly necessary to refer to it.

The fact of the matter is that at present we are not living off our capital; that is, we are not consuming capital without replacing it. In one or two places during his speech the minister said that a part of our trouble was that we were trying to replace too much capital too quickly. I am going to quote some figures, not in dollars but in terms of production.

Mr. HACKETT: Before the hon. gentleman goes on, would he permit me to ask a question, for purposes of information only? Is not unproductive capital about the only kind of capital the proprietor can keep at the present time, in England, under the income tax laws?

Mr. MacINNIS: I do not know what the proprietor in England can do with his money capital; but capital never functions as such until it is being literally consumed in the process of bringing forth new capital or new wealth.

The figures I wish to quote are contained in a newspaper report appearing in the Vancouver *Sun* of January 5, 1948, under an Ottawa dateline, and they come from government statistics. These figures compare production in 1938 and 1947:

	1938	1947
Pig iron (long tons)	705,000	1,842,000
Newsprint (tons)	2,600,000	4,400,000
Steel ingots and castings (long tons)	1,155,000	2,779,000
Petroleum (barrels)	6,400,000	7,100,000
Cement (barrels)	8,700,000	12,200,000
Electric power (kilowatt hours)	26,100,000	37,700,000

So it goes with a number of other items, showing an enormous increase in wealth; and it is typically so in most of our production.

[Mr. MacInnis.]

Then at page 4249 I find the hon. member for Muskoka-Ontario lamenting over the misconception of the split personality, whatever that may be. Dealing with this misconception, he said:

I do feel that should be abandoned once and for all.

Then he exclaimed:

What does the phrase "democratic socialism" mean?

By this time I began to understand what he was working around to. He went on to say:

When we look at Italy, Germany and Russia we realize that we should not be deceived by words. We should note what has happened there. Let us not be deceived by the words "nazism", "fascism", "communism"; it is all state socialism. That is in fact what they are.

I really do not know what we should call the system in Russia, but neither in Italy nor in Germany was the system state socialism. It was state capitalism, because the owners kept their interest in the capital and reaped their profits; the government ran their industries with the owners as managers. There was nothing socialist about it; and the proof of that fact is that the governments in Italy and Germany were welcomed by capitalists all over the world. As a matter of fact, no less a person than Winston Churchill exclaimed that if he were in Italy he would be walking with Mussolini's black shirts.

I was in Norway in 1936 and, meeting, while we were there, with a friend of my wife's who had come over from Germany, she said, "Wonderful country! Wonderful country! They have no strikes there!" That was the great thing that every capitalist in every country in the world saw in Germany and in Italy; there were no strikes. And, by God, because there were no strikes, they must be good governments.

Mr. FULTON: Did you hear what your deskmate said about Russia the other day?

Mr. MacINNIS: I do not know what he said.

Mr. FULTON: He said it was the sort of socialism we should have here. The hon. member for Cariboo (Mr. Irvine) said that.

Mr. MacINNIS: There are no strikes in Russia, either—I suppose there are not. And we are getting to the stage where there may be no strikes in this country. John L. Lewis, that champion of private enterprise, was fined twice and his union was fined twice, not so long ago, for going on strike. The railway employees in the United States were told that they could not go on strike, either. And if it

comes to a showdown, the railway employees in Canada may be told that they cannot go on strike, either.

Mr. KNOWLES: Or they will lose their pension rights.

Mr. MacINNIS: Let us be reasonably and at least intellectually honest, as the hon. member for Muskoka-Ontario says, in what we do and in what we say. There is a tendency—and let me tell hon. members it is a dangerous one—as one hon. member mentioned in the house a few evenings ago, to label everyone you do not like as a communist, a nazi or anything that you do not like.

Mr. CASE: There is a box factory in Saskatchewan run by the government, and the workers were not allowed to strike.

Mr. MacINNIS: The government of Saskatchewan has the best trade union act in Canada. That is not my say-so; it is the assertion of heads of labour organizations in this country. And they have collective bargaining in all its phases, even in the civil service.

Mr. CASE: They would not let them strike, though.

An hon. MEMBER: They fired the strikers.

Mr. MacINNIS: They did not fire the strikers. Everyone of them is back in his job. I see, Mr. Speaker, you are rising to tell me that my time is up, and I shall draw my remarks to a conclusion. I say we are living in dangerous times. When people have proven by their stand on various questions over periods of years that they have integrity, that they have understanding and that they believe in democracy, then other people, even if they do not like their philosophy, should not for political purposes try to confuse the minds of the people; because confusion is dangerous.

(Translation):

Mr. GEORGES H. HÉON (Argenteuil): Mr. Speaker, the budget proposals for the current fiscal year, presented to this house on May 18, may have seemed perfectly orthodox to those who drafted them, but they were received by our aggravated people with no more enthusiasm than was displayed by the Minister of Finance (Mr. Abbott) in presenting them or by hon. members in digesting them. This statement of the government's tax policy has brought no relief, no easing of the burden of income tax which the taxpayer of less than sixty-five years of age has to bear, whether he be a farmer, a merchant, an industrialist, a professor, an office employee, a professional or a labourer.

Among the chief victims of this new tax policy will be the heads of families, especially in the province of Quebec, where large families are not uncommon. Already they were overburdened by those numerous and irritating taxes, by the dwindling away of their pay envelopes from which were deducted the taxes collected at the source, unemployment insurance contributions and the like, by the ever-increasing cost of food and clothing and by a disheartening decline in the buying power of our Canadian dollar.

In fact, because tax exemptions remain unchanged while the people's purchasing power has been cut down by the higher cost of living, the income tax, though remaining at the same level, may well be considered higher in comparison with former years. This very afternoon, I went to the Dominion Bureau of Statistics to get definite information on the cost of living index.

In April of 1947, it stood at 130·6 while today, May 27, 1948, it has reached 151·6, highest point in the history of this country, not excepting the period that followed the first great war, although at the time there were no such things as controls and cyclical budgeting.

In the past twelve months therefore, the cost of living index has gone up 21 points. In view of this inordinate increase, taxes and exemptions that remain at the same level as last year are causing taxpayers a substantial degree of hardship of which they have good cause to complain. Some waggish newsman has called these proposals a "vinegar budget". Well, many a taxpayer will agree that the expression is sufficiently bitter to describe their feeling in the matter.

Canadian taxpayers, especially those who supported this government in the 1945 general election, had a right to expect a substantial tax cut. In fact, in the Liberal party's 1945 election platform, which I have before me as I speak, I find at pages 4 and 13 the following pledges:

> Tax reductions—the Liberal government will gradually reduce taxes when the war is over. Taxes will be lowered in order to release the people's purchasing power and give Canadians prosperity, employment and freedom.

Then, again at page 7:

> Tax reductions—war taxes will be lowered or repealed on May 11, 1945. Consumer goods will soon be back on the market at 1941 prices. Income tax reductions will come next.

The steady rise in the cost of living index which has now climbed to 151·6 and the government's tax policy are a far cry from the

pledges I have just quoted. If that is what is understood by cyclical budgeting, a system praised so highly by various theorists, it were perhaps better to return to the old principle that allowed the taxpayer to benefit fully from any accumulated surplus. This year, the apparent surplus amounts to $679 million, and will be devoted almost exclusively to reducing the national debt that now reaches the astronomical figure of $12,378 million. Is it expected that we shall pay off this debt, resulting largely from our economic and military assistance to Great Britain, by means of cyclical financing? Shall we stick to this new policy of debt reduction by keeping taxation at present levels until the debt is wiped out? I am afraid the Canadian taxpayer will not have the patience to go that far, because after all, he is the one who pays.

During the war, Canadians sacrificed much in the way of life, money and labour. They now have a right to expect tax relief when a huge surplus is declared. It is fitting that part only, say half of this astounding surplus, be applied to debt reduction. And in all fairness and equity the other half should be used to relieve the taxpayer, particularly in those years of high costs. In recent years, Canada has given or loaned without security billions and millions to nations more powerful than itself. Such munificence made us feel strong, wealthy and able to dispose of staggering amounts. It is therefore very hard to understand how today, we must suddenly clamp down and deprive the taxpayers of reductions fully justified by the high cost of living and the surplus declared.

I repeat that the man in the street, the ordinary civil servant, the salaried man of the so-called "white-collar" class, the good industrial worker and above all the family man who, without flinching, witnessed the dance of billions during the war and to whom every promise was given that we might win the war, have a right to complain about those low exemptions and high taxes. Some people go on repeating that Canada has become with the last two great wars a great international power and that she plays a leading part in foreign affairs. Let us be careful lest a too heavy burden of taxes, too long maintained, seem too high a price to pay for the privilege of contributing, from the background, in the making of peace treaties, and lest Canadians decide at last to start minding their own business by looking after their own social and financial security.

We have heard a lot lately about social justice and just salaries; countless labour disputes have broken out these last twelve months and our conciliation and arbitration boards have had their hands full, settling these disputes. It can be stated in a general way that, as a result of this arbitration workers have obtained redress of their grievances while employers have paid the salaries which their income allowed. However, the cost of living has reached the highest level yet, and might increase still further. There will surely be more such claims from the ranks of labour and as most employers will be in no position to increase wages indefinitely, strikes, some of them possibly violent, will paralyse our economy. It is therefore up to the government to follow the only course that is left open if these new conflicts are to be avoided. Income tax exemptions must therefore be raised substantially, both for single people and married people with dependents.

It is unfortunate that the government did not see fit to take note of the suggestions contained in the brief submitted by the Catholic bishops of Quebec, and by other religious denominations, respectfully suggesting an increase of income tax exemptions. I sincerely hope those suggestions will eventually be followed. They are distinguished by their authoritative nature and their plain common sense.

Let us have a look at today's exemptions:

For single persons, the exemption is $750. In view of the high cost of board, clothing, and other necessaries, and of room or apartment rent, how can a single man save anything and prepare to establish a home? This paltry exemption is not far from being antisocial and anti-religious and it should, in my opinion, be raised to $1,500.

For married persons, the exemption is now $1,500. In their case also the cost of living fritters down the exemption enough to make it insignificant, greatly reduces opportunities for saving and establishing a comfortable and modern home. The exemption should be raised to $2,400, which would ensure a reasonable margin of financial security and encourage thrift and industry.

But, to my mind at least, it is particularly with regard to children that the present exemption is distinctly antisocial. At the present time, if a child benefits from the family allow-

ance which cannot exceed $120 a year, the exemption is $100, which makes up a total of $220.

With the pace and requirements of modern life, who can properly feed, bring up, clothe, give an education to a child on $220 a year? It is impossible and even if parents should resort to cyclical finance and jugglery, they will not be able to make both ends meet without denying themselves or borrowing money.

In the case of children over 15 years of age and not in receipt of family allowances, the present exemption is $300. It is well known that at the age of 15, a child usually has completed his elementary course and is ready to undertake classical studies or enter some other institution of higher learning. He needs an entirely new wardrobe, because he has grown up. Clothing, books, pocket money, and fairly high boarding and tuition fees must be provided for. How can parents meet all these necessary expenditures with $300? As everyone knows, that is quite impossible, so much so that higher studies are often abandoned for lack of money or savings. It therefore seems that both in order to encourage large families and to facilitate higher or specialized studies among our people, a total exemption of $500 for each child would be essential, especially in view of the high cost of living. To my mind, such an investment would bring valuable dividends in the future and ensure the living and educational standard to which the younger generation is fully entitled.

It is all very well to practise internationalism, to accumulate huge surpluses, but it is still better and much more practical to grant our own people religious, social and economic security. Tax exemptions should be immediately increased to $1,500 for single people and $2,400 for married people, with an additional exemption of $500 per child. That would prove an excellent means of disposing of our estimated or anticipated surplus.

Since the present budget offers no relief to the farmer, the wage-earner or salaried man of less than 65 years of age—except for the abolition of the tax on alarm clocks, watches, bets on horse races, vinegar and a few consumer goods—and since my electors are dissatisfied with the government for having failed to reduce the income tax or tax exemptions, I shall have to vote against the motion.

Next year, with general elections in sight its system of cyclical financing or financial cycling will no doubt enable the government to grant substantial income tax reductions. Should these reductions be of the kind I have been advocating tonight, and which should have been granted in the present budget, I shall support them by my vote.

Mr. FREDERIC DORION (Charlevoix-Saguenay): Mr. Speaker, I feel called upon to say a few words on this budget.

First, I must say that, like at least 90 per cent of the Canadian taxpayers, I was deeply and painfully shocked to realize that as I shall presently show—this budget is but a further indication of the anti-family and anti-social policies which have victimized us for so long.

Honest and conscientious citizens are all the more disappointed in finding that this anti-family policy, which is becoming more and more apparent in our legislation, is but an offshoot of an economic system managed by an irresponsible bureaucracy which seems bent on destroying or at least weakening the family sole basic unit of a well-organized society.

I know that many hon. members to your right, Mr. Speaker, watch the developments of this policy with fear; I realize that many of them eagerly wish for more human legislation that will be kinder to families. I know what many of them think of this budget but, unfortunately, party discipline compels them to vote for it though they would like to disapprove and censure the government's policy in this instance.

Surely, I need not speak at great length to prove that the existence and expansion of the family are essential to social life.

To confirm my statement I need only quote the late and lamented Cardinal Villeneuve.

During a week to social studies, in 1923, Cardinal Villeneuve, at that time Father Villeneuve, said, in Montreal, in reference to the family considered as social unit:

> Thus family, not the individual, is the social unit; it is a simple body in society, made up of elements so numerous and so different. To understand social order, one has to begin with the family. Political society is superimposed upon organized families, without however destroying them.

And further on:

> Public legislation, therefore, ladies and gentlemen, should take scrupulous and constant care not to crush or break up the family, a cell in the social structure. On the contrary, according to Antoine, it is the great and peremptory duty of the legislator to recognize, protect, and strengthen the fundamental rights which the family has received, not from the state, but from God, author of nature.

Social organization aims today at protecting, apparently at least, through an abundance of texts, the individual, his fortune, his political rights, his outside relations with his neighbours, but it holds nothing or practically nothing, it destroys all, or nearly all of what is left of old legal traditions that could protect the family against so many undermining assaults. It kills rather the principles of life, the organic ties which sustain the family, and through the family it affects society, and through society human happiness. Neither the authority of the father, nor the primacy of the husband, nor the subordination of the son and the servant, nor the vital indissolubility and the exclusive unity of the matrimonial tie are preserved, rather they are surrendered for the sake of peace, often quite gladly.

I believe, Mr. Speaker, that to a certain extent that statement contains a criticism that applies to the budget we are now discussing. Indeed, one of the anti-family aspects of this budget is the fact that, against the hopes of everybody, the wishes of every taxpayer and the request of every family head, no tax reduction has been announced.

There is no doubt that in view of the huge surplus announced by the minister, he should have raised to at least $2,500 the taxable minimum of the married taxpayer. I shall not take time to go over all the reasons already given in support of that request, but there is no doubt that such a change is absolutely necessary because of the increase in the cost of living.

The government should at least have granted relief to heads of families by increasing the exemption to which he is entitled for his children. It is astounding to see how, through this income tax measure, parents are penalized for wishing to give their children the care and education they require. It seems that none of those responsible for the present state of affairs have the slightest notion of what it means to support a son or daughter who wishes to continue his or her studies. There is another objectionable feature in the present Income Tax Act. That is the deduction at the source irrespective of the type of employment. In my constituency, for instance, and in others too, there are quite a number of logging-camps which for part of the year hire only farmers, sailors or fishermen to work in the woods during the off-season.

Were the wages paid these loggers put on a yearly basis, they would be liable to income

tax; so the employers have to deduct it at the source.

Now, at the end of the year, those people have to file returns and produce receipts which are often mislaid, and afterwards they have to wait nearly a year before being refunded what has been deducted from their salary. That system causes much inconvenience and trouble, in addition to considerable administration expenses. What is more serious, those taxpayers are generally in urgent need of that money, which is theirs anyway, and as often as not their families have to suffer.

Why does not the government eliminate all those difficulties by deciding, for instance, that the salary of certain seasonal employees will no longer be subject to such a deduction? Since a distinction is made between seasonal and regular employment in other legislation, for example in the Unemployment Insurance Act, why should it not also be done in the case of the Income Tax Act?

In this connection, there is also another matter which I should like to point out. It so happens that quite a number of young people who, during the war, had left their homes to work in industrial plants have gone back to their rural communities. They have settled there, have married and have resumed an occupation which pays less than their wartime jobs, their income being, at times, barely sufficient to provide a living for their new families.

Now a great number of these new heads of families are at present receiving from the Income Tax Division certain claims for balances owing for 1943, 1944 and 1945. I know of many cases where these young bread-winners have had to deny their families the necessities of life in order to repay the revenue department.

This makes for social unrest. I would therefore ask the government to cancel all claims of less than $500, against heads of families, for income tax levied during the war years. The total of those claims would certainly not be very large and it would mean a great relief for those young families.

Mr. Speaker, the government has been swamped with requests for special consideration to family men. The bishops' request for higher exemptions is significant. They had given it much thought and they were surely not looking after their own interests. I agree

that during the war every Canadian without exception was expected to contribute fully to the war effort. Perhaps it is necessary to impose unduly high taxes during the war, but I contend that the government is violating the rights of the family by keeping the taxes at the same level in peacetime.

I was particularly impressed by the fact that the minister did not deem it advisable to grant tax reductions, although he encouraged night clubs, places of entertainment and similar organizations, by abolishing the tax formerly levied upon them. It is admittedly a strange attitude. I remember that on the day following the budget speech, newspapers were filled with advertisements from places of amusement, night clubs and so forth, soliciting young people's increasing patronage.

Taxes still fall heavily upon the shoulders of the family man, while habitués of night clubs and other places of amusement are encouraged to patronize such places which certainly do not help bring the family closer together.

As most of those who seek this kind of entertainment are single, everything seems planned to entice them away from their family.

Mr. Speaker, if our legislation were imbued with a more Christian, a sounder moral spirit, there would be no need to fear the menace that is now hanging over society.

It is useless to pass social legislation if we give it the anti-family character found in so many of our enactments such as the Family Allowances Act with its decreasing rate, the various housing acts that promote the building of two and three-roomed apartments and many other pieces of legislation. Such enactments can never be effective; they will give maximum results only if based on the interests of the family rather than on those of the individual.

(Text):

Mr. LIGUORI LACOMBE (Laval-Two Mountains): Mr. Speaker, the budget produced by the Minister of Finance (Mr. Abbott) will greatly deceive the taxpayers in the low-income brackets. The burden of taxation is still too heavy for the average wage earner with dependents. A government cannot proclaim a surplus and at the same time leave under the burden of taxation and excessive cost of living those who work and toil in the interests of their families and of society.

Everything can be bought at a ransom price because the administration could not or did not want to foresee the present situation. Family allowances have become null and void because the government allowed trusts to accumulate shameful profits at the expense of our families. In these difficult times the good elements still remaining in democracy should unite against the profiteers who sooner or later will ruin it in favour of communism.

The time has come to hand out to the diplomats and public men, responsible for the communist invasion which is now threatening civilization, the treatment they deserve. Many times I have raised this issue in this chamber. I have pointed out often enough the inherent danger of the government's attitude toward communist Russia and its satellites, and I believe I can free myself from the responsibility for the impending danger which will soon destroy the civilized world.

So far as I am concerned, I cannot support the Secretary of State for External Affairs (Mr. St. Laurent) when he asks for appropriations for the carrying out of a blameable policy. For a long time, when he was Minister of Justice, he refused to outlaw the communist party in Canada. Why, then, did the minister show such haste in appointing an ambassador to the government of Yugoslavia, a renowned persecutor of bishops and religion? Why manifest this open sympathy toward the deceiving and communist government of Poland? Why mobilize the Royal Canadian Mounted Police in order to locate property which belongs to the church and which the Polish government wished to misappropriate and steal in communist fashion?

Why tolerate in Canada the hatred and treason of the Labour-Progressive party, while refusing to appoint an ambassador to the vatican, whose supreme appeal to charity, justice and peace is the only hope in these extremely difficult times?

The nations refused to receive the illustrious pontiff's appeal to charity, justice and peace. Because they ignore the only logical advice, the allied nations won the war twice and lost peace twice within thirty years.

What has happened to the war aims of the united nations? Christianity was sacrificed to the communists by the very people who claimed they were defending it. In the

underworld of international diplomacy Poland was sacrificed with the shameful co-operation of the Canadian government, this same government which declared war when the German hordes were dominating that country, which was invaded and dismembered many times in history.

What did our rulers do? When Poland was agonizing in devastation and ruin, they officially recognized the usurping and communist government of Lublin. As servants of Soviet Russia, they came to terms with the invertebrate people of Yalta in order to impose upon Poland the communist bandits who are now presiding over the destinies of that country.

This hypocrisy has gone far enough. Nobody will believe that an atheistic government was instituted in Poland without the connivance and co-operation of the present government. Tomorrow we shall see the government imposing compulsory military service in order to stop communist Russia, which only recently our government was cherishing, feeding, equipping and arming on behalf of the great principles of the Atlantic charter, which never even existed. This is national and international life. Insidious propaganda, condemnable concealments, lies—everything is used in order to deceive the people. The government proceeded gradually when it imposed upon the population its policy of participating in the war, its mobilization and conscription.

Stalin also proceeded gradually in his policy of invasion. The government of Canada and the Secretary of State for External Affairs freely opened the door for him by recognizing the satellite of the Russian dictator as the communist government of Poland. We shall soon be called to the colours. Once more Canada will sacrifice its blood and its economy through the error of the government, which contributed to installing communism in Poland first, and then in the other satellite countries of Russia.

The war which is threatening the world will be more horrible than what we have yet seen. Whole countries will be destroyed by infernal inventions whose power will be irresistible and frightful. Death germs will be scattered everywhere. Those responsible for this calamity will pose as crusaders. Nobody will refuse to defend Canada if this country is attacked. But I know some people upon whom history will cast a slur because unconsciously they gave away our country to communism. These people will still require the obligation to serve. Since it is easier, but less noble, to vote other people's death rather than one's own, once more they will vote the sacrifice of our sons.

[Mr. Lacombe.]

Hiding in remoteness, they will be awaiting fearfully a guiding light in the night into which their disastrous policies have plunged the world. Because they could not prepare peace, they are now preparing war. In this twentieth century in the Christian era, we are reverting to barbarism through the selfish interests of predatory nations. We are being led to the abyss by military and financial imperialism. The true doctrine of charity and love was trampled upon. The solemn warnings of the Vatican were ignored by Canada as well as by other countries. As an illustration, I only wish to quote the following excerpt from the Vatican organ, *L'Osservatore Romano:*

Si vis pacem, para bellum . . .

Vatican City (PA)—The *Osservatore Romano,* the official organ of the Vatican, stated today that the world is reverting to the times of the old principle *"Si vis pacem, para bellum",* "if you want peace, get ready for war."

Before the Christian civilization, this was the only valid principle. But Christianity has changed this principle; it proclaims: "If you want peace, prepare for peace."

According to certain Vatican sources, this editorial was written by Count Guiseppe Della Torre. It also contained this sentence: "If we are compelled to replace faith by strength, even in a defensive manner, it is because Christianity is far below its object." Is it not deplorable to witness what is now going on? Let no one eulogize democracy, a corrupt and corrupting regime. As we know it today, it is not worth while fighting for it. When governments instil into it the dose of Christianity which it requires to survive, then and then only will it deserve our protection.

The best way to combat communism is to solve the problem of slums and replace them by dwellings worthy of the average man and his family. In this twentieth century is it decent to tolerate in our midst all these shacks and slums? The housing problem is a national one. It is up to the federal government to solve it. Let the government take money wherever it can. Economic liberalism has lasted too long. It is the source of the worst infringements. The Canadian people are fed up with this laissez-faire policy of the government. The average families are shamefully exploited by the ruthless trusts. Some high-class robbers are controlling certain companies which dominate our Canadian politics.

One of the most disgusting instances can be found in the profits accumulated on the sales of butter by Canada Packers. During a short term of eleven months, this company made more profits than during the previous twenty years. And this disgraceful robbery goes on under the eyes of a servile government

which reserves all its sympathies for these trusts which are essential to its electoral organization. The exploitation of the people by trusts is the life source of communism.

To this add the co-operation of the government when Poland was betrayed by the most powerful nations on earth, in favour of communist Russia, when they officially recognized the impostor government of Lublin, and then you have the lamentable picture of the leadership of communism in the world.

Czechoslovakia was sacrificed at Munich by five statesmen who were branded by history: Stalin, Hitler, Mussolini, Daladier and Chamberlain. Since then, that country seems to have lost all faith in the great nations which then were at the maximum of their power. It was the same Stalin who stabbed Poland in order better to dominate it. Poland had to undergo the shame of treason; her political leaders are now the victims of the communist gestapo.

Smaller nations were misled by the lies and hypocrisy of powerful democracies and proud dictatorships. Their leaders were not up to their duties, since they were bound by the selfish interests of financial imperialism which has been dominating history and governments for many years. They bear the responsibility for the present situation. Even here in Canada, for many years the motto of the government is the same as Talleyrand's: "Governing means dissimulating." The same situation exists throughout the world. Truth, charity and justice have been replaced by a policy of falsehood, persecution and hatred. The Vatican, where Pope Pius XII is reigning, is the greatest power in the world, because this illustrious pontiff is always preaching a doctrine of charity, peace and love. I have often asked the Secretary of State for External Affairs to appoint an ambassador to the Vatican. The minister does not seem to be interested in the Vatican. He answers by appointing an ambassador to Marshal Tito, the persecutor of the primate of the church of Yugoslavia. This is an insult to five million Roman Catholics in Canada, and an insult to Christianism. The minister and the government do not like me to bring forth this most important matter. They turn a deaf ear to it; but some day they will wake up facing a situation beyond remedy, in Canada and in the rest of the world, for which they will be responsible.

When will political leaders have enough courage to assume their responsibilities and squarely face events? From that day Canada will not be called upon to sacrifice her sons and her economy every ten or twenty years in disastrous and useless wars.

Finally, may I mention a regrettable event which happened recently. The United States refused to consider as *persona grata* a certain diplomat recently arrived from Czechoslovakia; and our government readily accepted the same individual as consul of his country in Canada. One would think our country has become the refuge of all communist miscreants intent on promoting revolutions and causing trouble.

If a member of this house introduces a bill to outlaw the communist or the Labour-Progressive party in Canada, immediately an endless debate starts, while it would be preferable to remain silent so that the bill could go through. Eventually we shall be convinced that communism is well protected in this country. Such an attitude is not new. During the 1936 session the Liberal party voted the repeal of section 98 of the criminal code, which prohibited all unlawful associations and all associations whose purpose was to undermine lawfully constituted authority in Canada.

We have no use for all these communist agents. The government and the Secretary of State for External Affairs should be extremely firm and should send back to their own countries these communists with double-breasted suits, since among this underworld they are the most affluent and the most powerful. Then only will the Canadian people know security under the protection of the free institutions which Canada won through sacrifice and struggle.

Is he a true Canadian who allows and tolerates the formation of communist cells in our country, and then preaches a crusade throughout the world against this obnoxious doctrine? Such a degree of cynicism is beyond me. I have seen so much treachery during the twenty-five years I have been sitting in this house. I have seen so many solemn pledges violated and trampled upon. I have been a witness to such deceitful and insidious propaganda that I do not hesitate to state that one needs courage to witness the political somersaults of certain politicians who are always prepared to sacrifice Canada in the defence of theories which they themselves created and strengthened by helping atheistic and godless Russia at the expense of small but courageous Christian countries which are now agonizing under Stalin's heel. Let these politicians bear this formidable responsibility.

Mr. FOURNIER (Hull): After consulting the leaders of the opposition parties, I desire

to move the following motion, seconded by the Secretary of State (Mr. Gibson), which seems to meet the wishes of everyone:

That the house shall not adjourn this day at eleven o'clock p.m., and that standing order No. 7 be suspended in relation thereto.

Motion agreed to.

Mr. SPEAKER: Is the house ready for the question?

And Mr. Speaker having put the question.

Mr. JOHNSTON: Mr. Speaker, before you take the vote I should like to say a few words.

Mr. SPEAKER: I am sorry, but I put the question to the house: Is the house ready for the question? No one rose, and I have read the question. The question is on the amendment to the amendment.

The house divided on the amendment to the amendment (Mr. Coldwell) which was negatived on the following division:

YEAS

Messrs:

Argue
Bentley
Blackmore
Bowerman
Bryce
Burton
Campbell
Dorion
Fair
Gillis
Hamel
Héon
Hlynka
Jaenicke
Knight
Knowles
Low
McCuaig
MacInnis
McKay
Marshall
Matthews (Kootenay East)
Nicholson
Probe
Raymond (Beauharnois-Laprairie)
Shaw
Strum, Mrs.
Wright
Wylie
Zaplitny—30.

NAYS

Messrs:

Abbott
Adamson
Arsenault
Aylesworth
Baker
Barrett
Beaudoin
Beaudry
Belzile
Black (Yukon)
Blair
Blanchette
Boivin
Bonnier
Bradshaw
Brown
Case
Casselman
Charlton
Church
Claxton
Cloutier
Cockeram
Coté (St. Johns-Iberville-Napierville)
Coté (Verdun)
Cournoyer
Coyle
Cruickshank
Daniel
Dechene
Denis
Dickey
Dion (Lake St. John-Roberval)
Douglas
Drope
Dubois
Emmerson
Eudes
Ferguson
Fleming
Fournier (Hull)
Fulton
Gardiner
Gariépy
Gauthier (Portneuf)
Gibson (Hamilton West)
Gingues
Gladstone
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Graydon
Hackett
Hallé
Harkness
Hartt
Hatfield
Hazen
Healy
Ilsley
Isnor
Jean
Jutras
Kirk
Lafontaine
Lapalme
Lapointe
Laurendeau
Lennard
Little
McCann
McCulloch (Pictou)
Macdonnell (Muskoka-Ontario)
McGarry
McGregor
McIvor
MacKinnon
MacLean
MacNaught
MacNicol
Maloney
Marier
Marquis
Martin
Matthews (Brandon)
Maybank
Mayhew
Menary
Michaud
Miller
Mullins
Mutch
Nixon
Parent
Pearkes
Picard
Raymond (Wright)
Richard (Gloucester)
Rinfret
Robinson (Bruce)
Ross (Hamilton East)
Ross (St. Paul's)
Ross (Souris)
St. Laurent
Sinnott
Skey
Smith (York North)
Stuart (Charlotte)
Stokes
Timmins
Tremblay
Tustin
Viau
Warren
Webb
Weir
White (Hastings-Peterborough)
White (Middlesex East)
Whitman
Winters—121.

[Mr. Fournier (Hull).]

(Translation):

Mr. DIONNE (Beauce): Mr. Speaker, I was paired with the hon. member for Quebec (Mr. McLure). That is why I refrained from voting.

(Text):

Mr. JOHNSTON: I was paired with the hon. member for Halton (Mr. Cleaver). Had I voted, I would have voted for the sub-amendment.

Mr. QUELCH: I was paired with the hon. member for Kent, N.B. (Mr. Leger). Had I voted, I would have voted for the sub-amendment.

Mr. HARRIS (Danforth): I was paired. Had I voted, I would have voted against the sub-amendment.

Mr. JOHNSTON: Mr. Speaker, I should like to adjourn the debate.

Some hon. MEMBERS: No.

Some hon. MEMBERS: Oh, oh.

Mr. SPEAKER: Mr. Johnston, seconded by Mr. Blackmore, moves that this debate be now adjourned. Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: No.

Mr. SPEAKER: Those in favour will please say "yea".

Some hon. MEMBERS: Yea.

Mr. SPEAKER: Those against will please say "nay".

Some hon. MEMBERS: Nay.

Mr. SPEAKER: In my opinion the nays have it.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, had I been permitted to say a few words a while ago, I would have kept within the hour of eleven o'clock, but I am afraid that the remarks which I have to say at this time may extend just a little beyond that. In view of the fact that the house has agreed to continue sitting after eleven o'clock, I do not think I should necessarily curtail my remarks.

Some hon. MEMBERS: No.

Mr. JOHNSTON: On this occasion—

Mr. DENIS: Take two hours, if you wish.

Mr. JOHNSTON: —I want to say, Mr. Speaker, first that I would consider myself derelict in my duty if I did not express an opinion on this budget. I am well aware of the fact that some hon. members are anxious to get away. I am also aware of the fact that it is a great disappointment to them. I am equally sure of this fact that their disappointment is no greater than the disappointment the people of Canada had when the Minister of Finance (Mr. Abbott) presented his budget. I can assure you, sir, that the people of Canada are getting very little relief today in the way of taxation from the budget which was brought down the other day.

Mr. ARGUE: Take forty minutes.

Mr. JOHNSTON: When the Minister of Finance spoke the other day he said he was fearful lest the tax concessions which might have been given would be taken by those who were conducting business in this country. In order that I may not be accused of misquoting the Minister of Finance, I shall use his own words. On page 4064 of *Hansard* the Minister of Finance gave the reason why he did not think tax concessions should be passed on to the general public at this time. He said:

> Demands are so excessive in relation to supply that we cannot rely upon competition or other market forces to ensure that the consumer would get the benefit of any general or widespread reductions we might make. Producers or distributors are in a favourable position to gain whatever the treasury gives up, and they could probably find plausible reasons for doing so, notwithstanding the high levels of profits at present.

That is a very weak excuse for the Minister of Finance to give as his reason for not passing on these tax reductions which all the country expected. It is lamentable that we in this country find ourselves in the position that we dare not reduce the taxes to the common people lest some others in preferred places might take that profit. It speaks very poorly for government policy, if they have no better safeguards for the public than that. Probably the Minister of Finance does not know of any way in which the public can be protected. Perhaps he is not aware that already in this debate proposals have been set forth which would thoroughly protect the people of this country, if these tax concessions had been allowed to be passed on to them.

Mr. FAIR: On a question of privilege, I wonder whether hon. members on this side of the house have any rights here, and whether they can be allowed to proceed with their speeches without further interruption from the other side of the house. I think it is about time that a little order was kept here.

Mr. DENIS: That is not fair.

Mr. SPEAKER: I ask hon. members behind the curtain not to talk so loudly.

Mr. DENIS: Proceed.

Mr. JOHNSTON: In case the minister may have overlooked the fact that others who have already preceded me in this debate have already offered him some excellent suggestions as to how the public might be safeguarded against the imposition which he thought should come about, I should like to refer to the speech of the hon. member for Peace River (Mr. Low) the other day when he gave an effective safeguard for protecting the people in this country, once the government decided to pass on tax concessions to them. If we turn to page 4259 of *Hansard* of May 21 we shall see that the leader of this group had this to say:

> Corporate income tax requires considerable adjustment if proper incentives to all-out production are to be provided, and if we are to ensure the passing on to consumers of benefits resulting from sales tax abolition. Therefore I propose exemption from corporate income tax on a basis that would represent 10 per cent return on capital, this figure to be arrived at by a procedure similar to that used by the board of referees, formerly set up and used by the Minister of Finance; this exemption to be conditional upon the corporation furnishing satisfactory evidence that savings in cost resulting from sales tax abolition have been passed on to consumers.

If the government had taken cognizance of such a measure as that I am sure that the people of Canada would have received the tax concessions which they expected would

be passed on to them. There are other ways in which purchasing power to the people could be increased without its being interfered with by any group of persons in this country. The ones to which I refer now are those which have been advocated by this party for some time. The first was the national dividend. In the past we have been criticized for advocating a national dividend. It is true that we are not being criticized to the same extent today that we were in days gone by, because the government saw, and quite properly so, that the things which the Social Credit party were advocating were worthwhile. Therefore they did adopt one of them, and one of the most important ones, namely, the national dividend, except that they called it family allowances. In principle I agree with family allowances, and have always agreed with them, but I object to the manner in which the money is raised to pay family allowances. But from the standpoint of principle it is one of the ways in which the people's interests can be protected, if there was a tax reduction. This might be called incentive controls; incentives which would induce people to produce more, because they would know that the consuming public would have the increased purchasing power with which to buy the increased production.

I do not think there is a party in the house; in fact I am positive there is not a party in the house, certainly not on the opposition side, which has put down its proposals in such clear-cut fashion for all to see as has the Social Credit party. We may be criticized on them; but had these proposals been used, instead of the taxation club, to beat the consumer into humble submission, I am sure that the average citizen of this country would be much more satisfied than he is today.

The minister seemed to take great delight in the fact that he had a surplus this year of $727 million. May I say this is not the result of sound economics, but rather the result of an outdated orthodox financial system, which this government is endeavouring to make work, even though it may cause severe hardship on the people.

One of the ways in which the government raised this surplus was by taxation. It was not a true surplus in any sense of the word. It was a surplus which was acquired by exorbitant taxation. The sales tax is one of the most outstanding examples of that. The sales tax is one of those taxes that bear most heavily on the people who are least able to stand the strain. Then there are the other taxes which are referred to as indirect or nuisance taxes, and they, too, bear upon the common people more than upon the others. At any rate, they bear equally upon the rich and the poor, but the rich have the money and the poor have not.

If those taxes had not been so high in the past year; if the government had not used that taxation club to extort this money from the people, the minister's surplus would not have been that grand total of $727 million. Again, the government not only increased their taxes in this budget, but they increased them by twenty-five per cent a while ago in the twenty-five per cent excise tax. The minister might think that is not a tax, but I was interested the other day when I came across the following newspaper article which I clipped out. I think it expresses the thought as well as I could. It is taken from the Ottawa *Citizen*:

For Mr. Abbott's information.

At least he is getting some worthwhile information today.

Mr. Abbott insists, goodness knows why, that taxes in Canada are lower than in the United States. We would suggest to Mr. Abbott that he try out buying a family car. On the modest purchase of a Ford or a Plymouth he would pay between $500 and $600 more than he would have to pay if he were buying the same type of car in the United States. And if Mr. Abbott thought he would like or could afford something better, say a Chrysler or a Buick, he would pay between $800 and $900 more than if he were buying in the United States. Most of the difference would be represented by taxes—higher Canadian taxes. We hope Mr. Abbott would agree that $500 or $900 would pay (for the average man) a lot of income tax. Also that it would buy a lot of eggs and butter.

So when we thoroughly scrutinize the tax bill which the minister has inflicted upon the people of the country, we find that not only are there all the taxes shown in the budget which he brought down, but there are many other taxes which bear most heavily upon the common, poor people of the country. One outstanding example is that which I have just read from this newspaper.

A car nowadays is not a luxury. It has become a necessity, and when people have to buy these necessities they have to pay an added tax of $500 or $900. Not only is the excise tax inflicted on people through the purchase of automobiles, but it is imposed on other necessities such as electrical equipment for household use, and we find that the veteran today cannot furnish the house he lives in because of excessive taxes which are piled up on top of the already high cost of production. In most cases these are hidden taxes and the manufacturer gets the blame. Of course he is the one who is criticized rather than the one who should be criticized, namely the government.

When looking through the budget speech, I was particularly interested in what the minister said about the great surplus. I was interested in the different ways he had of using that surplus. First of all, he thought the surplus would offset a depression. He was going to put that away for a rainy day.

I believe, Mr. Speaker, we are all conversant with the old saying that you cannot tax yourself into prosperity or borrow yourself out of debt; neither can we tax the country into prosperity. That is a certainty. I am not convinced that the minister will be able to fix his financial position by this surplus to such an extent that we shall be relieved of further excessive taxation. So the people must not expect, even though we have had a large surplus this year, that they will not continue to bear heavy taxation in the years to come.

Another way in which the minister was going to use the surplus was to prevent inflation. I could not help wondering, if the minister were really sincere that this surplus would help to offset inflation, and, if there is a severe danger of inflation in this country, why he should not have postponed the payment of the compulsory savings. By paying out the compulsory savings at this time he was putting that amount of money into circulation. If there was already too much money in existence, that may have caused further inflation, but if it did cause inflation he should not have done it but should have postponed it for a year or two.

Mr. NICHOLSON: Do you advocate that?

Mr. JOHNSTON: Yes; I would under these circumstances, because what has happened is this. He has given the compulsory savings out today and he is taking them back by increased taxation tomorrow. I say definitely that if there were a danger of inflation the proper thing would have been not to pay out the compulsory savings. He may have had them postponed for a year or so, but he would not have had them confiscated as he has in the excessive taxation program.

He will use the surplus in another way also. I do not know whether he will get all the money he wants out of the $727 million, but he also wants that surplus to pay for the excess of exports over imports. How he will stretch it to that extent I do not know, and if that is not enough he wishes to use it for national defence.

Well, Mr. Speaker, all the good that $727 million would do if another war broke out would not be very much, and I wonder what would happen if another war did break out. Would we limit defence preparations to $727 million? I do not believe he could build more than one battleship with that amount. I am sure that if war broke out we would find more money for defence than that $727 million.

We recall vividly that just before the last war, when this country was in one of the greatest depressions the world had ever seen, when a million and a half people were unemployed, we did not have enough money to keep families from starving to death; yet, almost the day after war was declared, we found millions and billions, in fact so much money that our national debt went from three and a half billion to around seventeen billion gross debt or about fourteen billion net debt.

Where did the money come from? It certainly did not come out of taxes, because the people did not have the money to pay the taxes; and if we can finance war to the extent we did the last time, it seems extremely strange that we cannot finance peace as well.

An hon. MEMBER: It is the present system.

Mr. JOHNSTON: Yes, absolutely it is the present system. The government is endeavouring to make the old worn-out orthodox financial system function in time of prosperity and the only time it will function is in time of scarcity. And the government through its present policy is forcing the country into that position of scarcity.

If the minister is not satisfied with using the $727 million that way, he has another way and that is to reduce the national debt. I never saw so many uses for a fixed amount of money. On page 4066 of *Hansard* the minister said, with regard to the national debt:

> The general policy for this year should be to use our surplus to reduce our debt and thereby to fight inflation in the manner most suited to our type of government and our way of life.

I wonder if the $727 million which the minister has as a surplus would in any way materially reduce our debt? Our net debt is around $13 billion. The interest on that debt alone is in the neighbourhood of $480 million a year. If we reduced that by the approximate $700 million surplus, we would still have a debt of about $12,300 million. I think this will have little meaning as a great achievement by a nearly bankrupt nation. The mere fact that our debt will be reduced to $12,300 million will not in itself make any great difference as far as our financial standing is concerned. For the minister to suggest that this would in any way benefit the nation to any material degree is just pure nonsense. When one considers that we in this country have a national production of around about $13 billion, and that

would represent an increase of about twelve per cent or thirteen per cent, that should mean that the purchasing power of the people would have to be increased over what it was last year; that is, if they are to be able to buy the total production.

Some might say that part of that will be used for export. True, it will be. But when you export goods, you must bring back goods in return; either that, or you are giving them away. When those goods are brought back here and put upon our market, our people must be in a position financially to buy those goods and consume them. Otherwise we shall have a continuing spiral of unemployment; and we have quite a serious unemployment situation today. Whenever there is a shortage of effective demand for goods and services which the people are producing, then of course you immediately start into a period of unemployment.

I wonder if the minister was sincere about reducing the debt. I hate to accuse him of insincerity, but I must say that I do not think he was sincere. I say that for this reason. I wish to direct your attention for a moment, Mr. Speaker, to a statement which was made by the governor of the Bank of Canada, Mr. Graham Towers, before the banking and commerce committee in 1939. It is found at page 80 of the proceedings of that committee and is in answer to a question by the hon. member for Acadia (Mr. Quelch). The hon. member for Acadia asked this question:

> Is it possible for you to imagine any way by which we are ever going to pay the debt we have got?

Mr. Towers replied:

> As the debts of the government are an asset of the Canadian people, I do not see much point in the thing; except that, to the extent that the government thinks that the distribution of those assets of the Canadian people—which are its debt—is unsatisfactory, it may take steps to remedy that distribution in any way that lies within the legislative power; in fact, in any way, I suppose—by income tax or succession duties or any other action it cares to take.

I should like to point out to you, Mr. Speaker, that the governor of the Bank of Canada says this is an asset, and as long as it is owned by the Canadian people it will be all right. But of course we know it is not owned by the Canadian people. I think the estimate at one time was that less than one per cent of the people of Canada owned over sixty per cent of the national debt. That is quite a tribute when the rest of Canada must pay homage in the form of interest to these few. Then Mr. Towers went on further to say, at page 235:

> So that all I can say would be this, that in a country where the sum total of public and private debt was decreasing you have a country which is going backward and which is becoming more poverty-stricken. Generally speaking, in a country where you find there is no public and private debt you have a country resembling darkest Africa; there is nothing else.

Following out the opinion of the governor of the Bank of Canada in this regard, if the minister followed the plan which he says he intends to follow, that of reducing the national debt, he would be putting this country back on the level of darkest Africa; and I do not think anybody will agree with that. I do not agree with it. I do not think that, if we did away with the public debt, it would put this country back on a par with darkest Africa.

But the government has no plan of reducing the national debt. Let there be no mistake about that. If there were a plan, this government would be coming forth with it quickly. If the government were sincere in its endeavour to reduce the national debt, it would do something similar to what the province of Alberta did. Alberta put into operation a plan whereby they would abolish the provincial debt in a matter of twenty-five to thirty years, and it is done on a scientific and logical basis. The dominion government could do that if it wanted to reduce the national debt. I am quite sure that the Minister of Finance agrees with Mr. Towers. If the Minister of Finance wants to find out how to reduce the national debt without putting further burdensome taxation on the people, I would again advise him to refer to the speech made by the hon. member for Peace River, for he clearly outlined the method there.

Some may ask if we should reduce taxation. My personal opinion is that we should reduce it greatly; for certainly the government does not need the taxation which it is putting on the people today. That is evidenced by the fact that the minister had a $727 million surplus. Some of the best monetary authorities in this country agree that we should not at this time go into heavy taxation. Let me refer again to the same governor of the Bank of Canada, Mr. Towers, when he had this to say about taxation. This was in an argument, or I should say it was in a broadcast put on between different persons; and among those who participated were Mr. Quelch and Mr. Towers. That was on April 4, 1943. Mr. Quelch asked this question of Mr. Towers:

> After the war the need will be to encourage private spending. Heavy taxes and public bor-

rowing will be contrary to the public welfare. Will the government finance all desirable public projects by credit expansion when necessary?

Mr. Towers replied:

In circumstances such as Mr. Quelch describes, I would say there would be grounds for government not meeting the entire cost of its programs by taking and drawing on public savings. The desire would be to encourage private spending and make government investment more of a residual item. If part of the necessary money had to come from credit expansion—and the projects were sound and in the public interest—then I should say go ahead.

That is just the opposite, Mr. Speaker, of what the government is doing. It is endeavouring to take from the people at this time all the taxes that the traffic will bear.

It seems to me also, Mr. Speaker, that if the government were really sincere about helping the people of this country, something could have been done to lift the present tax burden, in view of the fact that the government has lifted the tax on pari-mutuels, which is gambling, and on amusements, taxes imposed upon a minority who are best able to pay. Yet the government has not seen fit to do so.

I want to refer to one other thing that seems important to me. During the last few days here we have heard quite a good deal of discussion in regard to communism, which we are trying to combat. We are assisting the people of Europe by giving them goods and services under the European relief plan, and also by giving grants and lend-lease, in order to combat the forces of communism. Yet here at home we are actually fostering the growth of communism by depressing the standards of living of our own people through excessive taxation. I do not know where this logic is leading us. One of the greatest things we could do to combat communism in this country would be to lay off this tremendous, unjustifiable taxation and raise the standard of living of our people to such a point that communism would not thrive. That is the proper way to kill communism; make conditions in our country such that people will not tolerate a policy of that kind.

Then for a moment I want to refer to annuities, because in my view this is another way in which the government has taken a crack at those in the low-income brackets. To make it short, I should like to read an editorial which appeared in the Ottawa *Citizen* the other day dealing with this subject. It said:

Annuitants are not rich

There is little basis for the suggestion made from time to time on behalf of insurance companies that "in all too many cases" it is only the well to do who have taken maximum advantage of the lower rates for government annuities. When government annuities were established in 1908 they were devised to enable people of moderate means to make provision for a small income in their declining years. That purpose has largely been fulfilled.

In his royal commission inquiry into taxation of annuities four years ago, Mr. Justice Ives, former chief justice of Alberta, found that about 87 per cent of the recipients held contracts for less than $900 a year and that three-quarters of all annuitants were receiving less than $600 a year. In the main those who took out annuities were unable to afford even the maximum of $1,200 a year which the plan permits.

For ten years it was possible to purchase annuities which would return as much as $5,000 a year. Yet at the time of the Ives report there were only 131 annuitants drawing more than $1,200 a year—less than one-half of one per cent of the total.

In 1931 the maximum was reduced to $1,200 a year and it now stands at that figure. At current living costs this is a small amount, especially if it has to cover all the living expenses of the annuitant. Its purchasing power amounts to less than $800 by prewar standards. The government last month sharply increased the premium rates with the result that applications have fallen off. If prices are to remain at anything like their present level the maximum annuity should be raised at least to $1,600. Otherwise it will be impossible to make provision for a moderate living standard in old age.

Here I say the government has taken away the only opportunity of these people in the low-income brackets to assure themselves of some decent standard of living in their old age.

I am not going to detain the house longer, Mr. Speaker, but I do say the case for reduced taxation is overwhelming, and that at the next election the people will demand the results they wish.

The house divided on the amendment (Mr. Macdonnell, Muskoka-Ontario) which was negatived on the following division:

YEAS

Messrs:

Adamson	Harkness
Argue	Hazen
Barrett	Héon
Bentley	Hlynka
Black (Yukon)	Knight
Blackmore	Knowles
Blair	Kuhl
Bowerman	Low
Bradshaw	McCuaig
Burton	McGregor
Campbell	MacInnis
Case	MacNicol
Casselman	Marshall
Charlton	Matthews (Kootenay East)
Church	Menary
Daniel	Miller
Drope	Nicholson
Fair	Pearkes
Ferguson	Robinson (Bruce)
Fleming	Ross (St. Paul's)
Graydon	Ross (Souris)
Hackett	

Shaw	Webb
Skey	White (Hastings-Peterborough)
Stokes	Wright
Strum, Mrs.	Wylie
Timmins	Zaplitny—54.
Tustin	

NAYS

Messrs:

Abbott	Ilsley
Arsenault	Jean
Baker	Jutras
Beaudry	Kirk
Belzile	Lafontaine
Blanchette	Lapalme
Boivin	Lapointe
Bonnier	Laurendeau
Brown	McCann
Claxton	McCulloch (Pictou)
Cloutier	McDonald (Parry Sound)
Coté (St. Johns-Iberville-Napierville)	McGarry
Coté (Verdun)	McIvor
Cournoyer	MacLean
Cruickshank	MacNaught
Dechene	Maloney
Denis	Marier
Dickey	Marquis
Dion (Lake St. John-Roberval)	Matthews (Brandon)
Douglas	Maybank
Dubois	Mayhew
Emmerson	Michaud
Eudes	Mullins
Fournier (Hull)	Mutch
Gardiner	Parent
Gauthier (Portneuf)	Picard
Gibson (Hamilton West)	Richard (Gloucester)
Gingues	Rinfret
Gladstone	St. Laurent
Golding	Sinnott
Gour (Russell)	Stuart (Charlotte)
Gourd (Chapleau)	Tremblay
Grant	Viau
Hallé	Warren
Hartt	Weir
	Whitman
	Winters—72.

Mr. MACKENZIE KING: I was paired with the leader of the opposition (Mr. Bracken). Had I voted, I should certainly have voted against the amendment.

Mr. MARTIN: I was paired with the hon. member for Cape Breton South (Mr. Gillis). Had I voted, I would have voted against the amendment.

Mr. GRAYDON: That is what the Prime Minister said.

Mr. MARTIN: I do not do whatever he says.

Mr. GRAYDON: That was what I was afraid of.

Mr. BEAUDOIN: I was paired with the hon. member for Calgary West (Mr. Smith). Had I voted, I would have voted against the amendment.

Mr. GARIEPY: I was paired with the hon. member for Victoria-Carleton (Mr. Hatfield). Had I voted, I would have voted against the amendment.

Mr. HEALY: I was paired. Had I voted, I would have voted against the amendment.

Mr. NIXON: I was paired with the hon. member for High Park (Mr. McMaster). Had I voted, I would have voted against the amendment.

Mr. WHITE (Middlesex East): I was paired with the hon. member for Middlesex West (Mr. McCubbin). Had I voted, I would have voted for the amendment.

Mr. HARRIS (Danforth): I was paired. Had I voted, I would have voted for the amendment.

Mr. AYLESWORTH: I was paired. Had I voted, I would have voted for the amendment.

(Translation):

Mr. DIONNE (Beauce): Mr. Speaker, I was paired with the hon. member for Quebec (Mr. McLure). That is why I refrained from voting.

(Text):

Mr. JOHNSTON: I was paired with the hon. member for Halton (Mr. Cleaver). Had I voted, I would have voted for the amendment.

Mr. QUELCH: I was paired with the hon. member for Kent, N.B. (Mr. Leger). Had I voted, I would have voted for the amendment.

Mr. FULTON: I was paired with the hon. member for Montmagny-L'Islet (Mr. Lesage). Had I voted, I would have voted for the amendment.

Motion (Mr. Abbott) agreed to on division.

WAYS AND MEANS

The house in committee of ways and means, Mr. Golding in the chair.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MACKENZIE KING moved the adjournment of the house.

He said: In regard to tomorrow, the first matter to be taken up will be the resolution in the name of the Minister of Agriculture concerning the reclamation and development of marshlands in the maritime provinces, being No. 11 on today's order paper. Then the house will go into committee of supply to consider the estimates of the departments of agriculture, transport, national health and welfare, and public works if there is time. I cannot indicate the order, except that the estimates of the Department of Agriculture will be the first to be taken up.

Motion agreed to and the house adjourned at 11.58 p.m.

HOUSE OF COMMONS

Friday, May 28, 1948

The house met at three o'clock.

FLOOD CONDITIONS

FRASER VALLEY AND OTHER BRITISH COLUMBIA AREAS—OPPORTUNITY FOR DISCUSSION

Mr. G. A. CRUICKSHANK (Fraser Valley): Mr. Speaker, on a question of privilege, I had intended moving the adjournment of the house to discuss a matter which I consider to be of national importance, namely, the floods in the province of British Columbia, particularly the Fraser valley; but I understand that under the rules it is not customary to move such a motion if we are going into supply.

I do not wish to weary the house, but I must point out that this has become a very serious matter in British Columbia. It is no longer a Fraser valley matter, but a national matter, since the whole economy of the Pacific coast is involved. I should like to have the assurance of the government that I shall be given the privilege of speaking when estimates come up this afternoon in committee of supply.

I am particularly concerned about the situation in my own riding. I have already purchased my ticket for flight home if I can get an aeroplane, because I consider it my duty to be in my riding at this time. As I have said, this is a serious matter, because lives are at stake and the damage has already exceeded millions of dollars. Last night another dike went in Sumas prairie, and if the river rises thirty-two inches more the town of Chilliwack will be flooded and millions of dollars of damage will be done. I should like to have the assurance that an opportunity will be given me to discuss the matter; otherwise I shall consider it my duty to move the adjournment of the house.

Right Hon. J. L. ILSLEY (Minister of Justice): The Minister of Agriculture (Mr. Gardiner) will this afternoon be introducing a resolution on the diking of marshlands, under which I think the hon. gentleman could say anything he wished to say and be in order.

Mr. HACKETT: But that is restricted to the maritimes.

REPORTS AND PAPERS

Right Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, I should like to table copy of an order in council, P.C. 2413, setting up a water board for the three prairie provinces; also copy of order in council P.C. 2412, setting a floor of fifty-eight cents per pound, basis Montreal, under butter.

DEBATES

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

The house resumed, from Wednesday, May 26, consideration of the motion of Mr. Pouliot for concurrence in the first report of the standing committee on debates.

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, resuming the debate on the motion for the adoption of the report of the committee on debates, I have just a few words to say. The whole idea is to improve the publication of the debates so that only corrections and not revisions are made in due course. Hon. members had an opportunity to read the report, which was printed both in *Hansard* and in *Votes and Proceedings,* and I hope that those who are not members of the committee have read it.

I must pay a special tribute to my colleagues the members of the committee who expedited the proceedings, and to the king's printer, the editor of debates, and Mr. Yves Fortin, who is also a very able man, for the information with which they supplied us. I have one word also to say about the clerk of the committee, Mr. Antonio Plouffe, who was most helpful to the committee and to the chairman in dealing with this matter.

I wish to suggest a slight amendment to the last paragraph of the report, which reads as follows:

> Your committee further recommends that the government consider the advisability of increasing the number of complimentary copies of the daily edition of debates to members from ten to sixteen.

It should read thus:

> Your committee further recommends that the House of Commons authorize the increasing of the number of complimentary copies of the daily editions of debates to members from ten to sixteen.

I hope that the house will agree to that. I want to give credit to everyone in this matter. Each member realizes that *Hansard* must be a true picture of our deliberations here, that nothing of what is said should be changed except when there is a slip. There is no use in painting the lily. Therefore *Hansard* should be accurate. That is one thing.

The second thing is this. Not long ago I spoke to the king's printer, and he told me that if this method be adopted, and if the suggestion which came from Mr. Young, the editor of debates, be accepted, it will be possible to have the bound *Hansard* two months after the date the speech is made. If the method had been adopted prior to this session, we would already have the bound *Hansard* of January, February and March. It will save money also. But I do not insist much on that point, although the saving would be considerable, because the question of the saving of money on printing comes under the jurisdiction of the joint parliamentary committee on printing. It is an altogether different matter. The purpose of the committee on debates is to see to it that the records of the house are accurate, clear and truthful.

Mr. T. L. CHURCH (Broadview): I should like to call the attention of the house, Mr. Speaker, for three or four minutes to this report, concurrence in which was moved in the house last Wednesday. The motion made by the hon. member for Temiscouata (Mr. Pouliot) is one of the most important that we have had before us since the last war started. In the first place, may I point out to the house that the people back home in the constituencies know very little—in fact, almost nothing—about what goes on here. They rely on three agencies for their information. The first is printed *Hansard*. I am glad to see that a large number of public men and businessmen in the district from which I come read it. But at the present time when we are voting large sums of the people's money—nearly two billion dollars in the present estimates—the people have little knowledge of what goes on in the house.

In our city we used to have three morning newspapers and three evening newspapers. No one could criticize them. They have been doing a great work. Those who represent them in the press gallery are discharging a great public duty. During the war an information bureau, which I strongly opposed, was set up. I always contended that that was a reflection on the press, and a suggestion that they were not doing their duty in letting the public know what was going on. At that time the newspapers were under censorship. Today there is no censorship. We see the result of it in the debates in the house.

I do not care whether members are given one copy, five copies or ten copies. That is not the point I wish to make. My point is that the public are not getting the information they should be getting about public affairs, when we are voting, in the civil estimates, sums running into two billion dollars of their money. They are not getting the news they should be getting back home in the constituencies. The result is that the people have little or no knowledge of what is going on in public affairs. For instance, with regard to external affairs, days after these matters are discussed here some statement is given out, and the public know absolutely nothing about that particular department. We are dependent on the press and on the radio. The radio is like the tower of Babel, if you ask me. Some people turn it off a moment after they turn it on. Nevertheless they must pay for it. The public has very little advantage from it because the Canadian Broadcasting Corporation has been turned into a department of propaganda.

It is necessary to see the cause and effect of this lack of information back home in the constituencies. You find it in the halls when you attend meetings. Questions are asked on matters which the predecessors of those who are voters today knew all about. I remember meetings when I was head of the city of Toronto. Some of these were attended by three or four thousand people; the subject under discussion was the taking over of the street railway. In provincial and dominion election campaigns these meetings have been superseded by the radio and all that kind of thing. No one can criticize the newspapers, because they always have the last word.

In conclusion I should like to say this. We must see the cause and effect if the public are not kept informed of what is going on. In Toronto, as I say, we used to have six newspapers. Now we only have one in the morning and two in the evening. The two in the evening are the only two I know of that have not increased their rates, and they have been doing splendid work. But they have instituted here what they call the columnist system, and when you read the various columns you find that some have the tendency to write about what is said by leaders and ignore the others. As for myself I do not care. I do not need that kind of publicity. I have never depended on it. I will say, however, that the people are

entitled to more information than they are getting today. What the solution is, I do not know.

I am glad the hon. member who introduced this motion has called the attention of the house to this matter. He has been an able chairman. He has called attention to one of the weaknesses in our democratic system, and the agencies we have for making it work. In the last few years I have noticed in the newspapers pages and pages of sporting news and other matters in which a great many of the people may or may not be interested. We cannot criticize the press. They know their own business best. With the high cost of printing, and with the newsprint situation as it is, I do not know how the newspapers are carrying on at all. I wish to say a word of appreciation of their services to the public. I hope that appropriate measures will be introduced to give the public the information to which they are entitled.

I think the hon. gentleman deserves a great deal of credit for having brought this matter to the attention of the house.

Mr. STANLEY KNOWLES (Winnipeg North Centre): As a member of the committee, Mr. Speaker, may I in just a word support the motion for concurrence in the report and thank the hon. member for Temiscouata (Mr. Pouliot), the chairman of the committee, for the slight change he has suggested in the last paragraph. I think I can say on behalf of the committee that it brings the report more into line with what was the understanding of the members of the committee. I am sure that everything in this report is all to the good and deserves the support of the house.

I have just one other word to say. I should like to take this opportunity to express appreciation of the splendid work in connection with *Hansard* that is done by the reporters on the floor, the amanuenses upstairs, the editor, the associate editor, their staff, the king's printer, and the printers and other workers at the printing bureau. They all do a good job.

Mr. SPEAKER: Mr. Rinfret moves that in the paragraph following paragraph 7 all the words after "that" be deleted and replaced by the words: "the House of Commons authorize the advisability of increasing the number of complimentary copies of the daily edition of debates to members from ten to sixteen."

Mr. GIBSON (Hamilton West): I think the amendment moved by the chairman of the committee was that the House of Commons authorize the increase, not the advisability. It was intended to authorize the increase in the number.

Mr. SPEAKER: The clause will read:

Your committee further recommends that the House of Commons authorize the increasing of the number of complimentary copies of the daily edition of debates to members from ten to sixteen.

Amendment agreed to.

Mr. POULIOT: Just before the report is adopted I want to join with the hon. member for Winnipeg North Centre (Mr. Knowles) in what he said concerning *Hansard*. Ours is the best *Hansard* published in the British empire, and probably in the whole world. That is due to the efficiency and congeniality of those who comprise that staff, and they deserve all credit.

Motion as amended agreed to.

SASKATCHEWAN RIVER

BRIDGE AT OR NEAR SASKATCHEWAN LANDING

On the orders of the day:

Mr. T. J. BENTLEY (Swift Current): I should like to ask the Minister of Public Works a question in connection with the bridge at Saskatchewan Landing. Referring to sessional paper No. 201, tabled yesterday, will the minister tell the house if there has been further communication or correspondence since the telegram of May 5 from himself to the Saskatchewan minister of highways; and if so will he table such additional material?

Hon. ALPHONSE FOURNIER (Minister of Public Works): I do not know of any other communication in this matter. The only thing I recall is that the governor in council has approved the site and proposed construction, and that a copy of the order in council has been sent to the Premier of Saskatchewan.

DIVISION OF WATERS AMONG THE PRAIRIE PROVINCES

On the orders of the day:

Mr. C. C. MILLER (Portage la Prairie): I should like to ask the Minister of Agriculture whether order in council P.C. 2413, tabled by the minister today, means that the government of Canada and the governments of the three prairie provinces have agreed or are agreeing upon an over-all scheme to control floods on interprovincial rivers?

Right Hon. J. G. GARDINER (Minister of Agriculture): No, Mr. Speaker. The meaning

of the order in council is that the three provinces and the dominion are agreeing to the setting up of a board whose duty it will be to make recommendations as to the division of the waters, more particularly in the Saskatchewan river system, among the provinces of Alberta, Saskatchewan and Manitoba.

Mr. J. G. DIEFENBAKER (Lake Centre): I believe the setting up of the water board is a most commendable step, but does this mean that before a dam can be built on the Saskatchewan river it will be necessary to have the consent not only of the governor in council but also of the three prairie provinces?

Mr. GARDINER: It means that there is a legal division of the water in streams running from one province into another which has to be established by some authority. That will be established on the advice of this board. Once the amount of water to which Saskatchewan is entitled is established, of course the other question will be determined by whether we are taking more water than we should take.

Mr. DIEFENBAKER: As I read section 5 it simply means that after the water board has determined allocations, before any steps can be taken there must be unanimity among the three western provinces.

Mr. GARDINER: To all intents and purposes that is what it will mean. If one of the provinces or if the three provinces desire to have money spent by the federal government, they will have to agree on some division of the water.

Mr. DIEFENBAKER: Unanimously.

Mr. GARDINER: We are not taking on any lawsuits with regard to the amount of water we may take from one province as compared with another. That question will have to be decided and agreed upon, and I presume an order in council will have to be passed by each province.

IMMIGRATION

AMOUNT OF CASH ALLOWED TO PERSONS ENTERING CANADA FROM BRITAIN

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Will the acting minister of immigration make a statement today or early next week with respect to aid granted to immigrants to Canada by allowing those coming from Britain to secure more cash, and what action if any is being or has been taken in the matter?

[Mr. Gardiner.]

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources): I shall be glad to do so.

LIVESTOCK

APPLICATION OF BASIC HERD PRINCIPLE TO OTHER DOMESTIC ANIMALS THAN CATTLE

On the orders of the day:

Mr. P. E. WRIGHT (Melfort): I should like to ask the Minister of National Revenue whether the government is considering the advisability of extending the basic herd principle, now applicable to cattle, under directive No. 78 of September, 1947, to include sheep, swine and other domestic animals? If this change is to be made, can the minister say when it will come into effect?

Hon. J. J. McCANN (Minister of National Revenue): The matter of extending the basic herd principle is being given consideration by the government, and it will probably extend to swine, sheep, purebred horses and so on, but not to poultry. It will be applicable in the year 1948.

EMPIRE TRADE

SUGGESTION AS TO ADVISABILITY OF CALLING CONFERENCE

On the orders of the day:

Mr. H. W. TIMMINS (Parkdale): I should like to direct a question to the parliamentary assistant to the Minister of Trade and Commerce. Having regard to the fact that Canada is suffering a disastrous decrease in her trade with the sterling area countries, will the minister give consideration to taking the necessary steps to call an empire trade conference at an early date?

Mr. G. J. McILRAITH (Parliamentary Assistant to the Minister of Trade and Commerce): I should like to treat this question as a notice and have an answer given later.

BUTTER

CONTINUATION OF CEILING PRICE

On the orders of the day:

Mr. R. E. DROPE (Northumberland, Ont.): In view of the fact that under an order in council tabled by the Minister of Agriculture a floor price is established for butter, will the minister tell us whether it is the intention of the government to continue the ceiling price as well?

Right Hon. J. G. GARDINER (Minister of Agriculture): All I can say, Mr. Speaker, is that the ceiling price is being continued.

Mr. MILLER: I should like to ask a supplementary question of the Minister of Agriculture in that connection.

Mr. GARDINER: It will be quite in order to discuss that whole matter in connection with my estimates, which will be up shortly.

DREDGING

KINCARDINE HARBOUR DREDGING CONTRACTS

On the orders of the day:

Mr. A. E. ROBINSON (Bruce): Mr. Speaker, I should like to ask a question of the Minister of Public Works. Is his department doing anything toward having the 1947 contract for dredging at Kincardine harbour completed as soon as possible?

Hon. ALPHONSE FOURNIER (Minister of Public Works): Mr. Speaker, I understand the contract was not completed last year, and we will proceed with it.

MARSHLANDS

RECLAMATION AND DEVELOPMENT—ASSISTANCE TO MARITIME PROVINCES

Right Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to assist the provinces of Nova Scotia, New Brunswick and Prince Edward Island in the reclamation and development of marshlands in the said provinces by the construction and reconstruction of works necessary therefor and the purchase of required machinery and equipment. Works may be undertaken only on the recommendation of an advisory committee to be established under the act and upon terms and conditions agreed upon with the province concerned prior to the first day of May, nineteen hundred and fifty-five. The Minister of Agriculture is empowered to appoint necessary temporary officers and employees to be paid out of the consolidated revenue fund with provision also for the payment of expenses of members of the advisory committees.

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

Mr. CRUICKSHANK: Mr. Chairman, I do not wish to take any more of the time of the committee than is absolutely necessary, but I believe I should speak briefly concerning the flood situation, particularly as it concerns my riding and, I suggest, as it concerns the whole of Canada.

Flooding in British Columbia is more now than a matter of local concern. I might explain briefly that in the Fraser valley area surrounding the cities of New Westminster and Vancouver there are some seven diking districts. The last flood we had was in 1894, and the last break in dikes was about 1920 or 1921. I mention the date of the last break in order to bring to the attention of the committee, through you, Mr. Chairman, the importance to the whole of Canada of preventing these breaks.

At the time of the last break in 1920 or 1921 the great Canadian National Railways were put out of action for forty-eight hours. We were able to stem the hole in the dike at that time, but despite that fact the Canadian National Railway lines to the Pacific coast were out of action for that length of time.

I would emphasize, sir, the gravity of the situation as it is today. I am particularly concerned, of course, with my own riding of Fraser Valley, but I must point out that the present situation concerns the whole economy of Canada. What would happen if any unfortunate international incident should take place —I will not go into details—involving the cutting off of the Pacific coast for some months through the inability of the two great trans-Canada railway systems to get through? What would happen to the economy of Ontario and Quebec if the trans-Canada railways were cut off for two or more months?

As I have said, we were able to stem the hole in the dike on this earlier occasion; yet one of the railway systems was unable to get through for hours. Two dikes remain at the present time; if they go, then both the trans-Canada railway systems will be unable to get through for two to six months. Hon. members must realize how important this is not only to the Fraser Valley constituency alone but to the whole country.

Only last night and this morning naval boats were sent in to evacuate hundreds of families in the Fraser valley area. No estimate has yet been made as to how much stock is lost, but we have an idea how much money has been lost, and it can be counted in millions of dollars.

Many hon. members have had the pleasure of visiting British Columbia, and are no doubt familiar with the fertile Chilliwack area. Today at twelve o'clock if the river rose another thirty-two inches the town of Chilliwack and the whole of the surrounding district would be under water. This would mean a loss of millions upon millions of dollars. While I do not think this matter should be considered from the point of view of dollars and cents, let us not forget that the dominion government has millions of dollars invested in the Canadian National Railways in that area. Both the railways would go out of action.

I am told that the brother-in-law of the hon. member for Wetaskiwin (Mr. Jaques) lost his farm the day before yesterday. In the particular district in which I live the dike is holding. My own farm buildings are above the high-water mark, and cattle have been brought there from the surrounding district. They are on my high land today, because they cannot be left on the lower ground. Farmers have moved their stock out of the buildings to places behind the second remaining dike.

I wish to impress upon the house the seriousness of this matter. On Friday last school children six or eight years of age and upwards worked in filling sandbags in an endeavour to hold the water back.

A few weeks ago hon. members of the opposition held a convention in Ottawa, upon which occasion a friend of mine, the former provincial president, came here from Agassiz. His drug store is now flooded. I know the hon. member for Kamloops (Mr. Fulton) has just returned, and he tells me that the water is adjacent to the railway. As I say, I do not know how much money has been lost, or how many cattle have been lost. I do not think, however, that that is the important point. When even one life is at stake in Canada, this house must give the matter serious consideration.

The reason for the flood this year is exactly the same as it was in 1894. We had heavy snowfalls this year in the mountains, and a very late spring. Ordinarily we have a gradual run-off, the high water averaging about 17 feet. Measured this morning it was up 22 feet, due to the cold and late spring in British Columbia, and the fact that the run-off came very suddenly.

I wish to point out, through you, Mr. Chairman, that in my opinion—and I am expressing the opinion of the people of my riding—there would have been no damage if the great Fraser river channel had been kept clear. Opposite Matsqui islands, where the large river boats used to come up, and where the river was about three quarters of a mile wide, any time now at low water you can throw a stone across. The sandbar has filled it up. The water cannot get away. Even if we have a normal run-off, the sandbars are there. The only protection we have is one dredge forty years old. This one dredge cannot even keep the mouth of the river open. That is why I think the federal government comes into the matter.

We cannot afford locally to finance the damage that has been done. We cannot afford to finance the protection that is needed if in the next forty-eight hours, or maybe within the next week, the ports of Vancouver and New Westminster have to be protected by keeping the two railways running.

One of the ministers is now out in British Columbia. We are now asking the dominion government to assume its responsibility because it is not a matter which concerns only the Fraser valley or British Columbia. It is a national matter, and the economy of Canada is affected.

I wish to say we have every confidence in the engineer who is in charge in British Columbia, but we are suggesting it is not a local matter, and that the government should send out there immediately either a deputy minister or the chief engineer. I would also suggest that the Minister of Agriculture should send out a responsible representative of his department to check on conditions as they affect agriculture, in order that they may, in co-operation with the minister now on the spot, give to the matter the serious consideration which must be given at once to protect the economy of the Fraser valley and of the whole dominion.

I am about to fly out there, because I believe it is my duty under these conditions to be in my own constituency. If I can be of any assistance, that is where I should be. I believe that is where any member should be when it is a matter of assisting his constituency. I hope that some farm member in the opposition will see that I am protected while I am away. I have enough confidence in hon. members to feel sure that that will be done.

I want to impress upon the government, upon the Minister of Public Works in particular, upon the Minister of Agriculture and upon the Minister of Finance, who is not here, that this is not now a Fraser valley matter; it is a national matter which must be attended to, and at once.

Mr. FOURNIER (Hull): Mr. Chairman, the hon. member for Fraser Valley has suggested that I immediately send the deputy minister of public works out to British Columbia in order that he may see the flood conditions prevailing there. I want to tell him that the deputy minister has been out there now for two days. Along with the resident engineer, Mr. Morton, he has been looking over the conditions in that area.

I am not prepared to discuss flood conditions throughout the country. Every day or so during the last two months an hon. member from Ontario, Quebec or some other province has stood up to question the Minister of Public

Works about flood conditions in his province. The legal authorities of the government inform me that the only jurisdiction the federal government has over waters in the different provinces is that which concerns navigation. We are supposed to look after navigable waters so that navigation will not be impeded by obstacles or works which might be constructed on the river or stream.

I am informed further that these flood conditions would not come under the jurisdiction of the federal government. I must admit that in the past we have entered into agreements to relieve conditions in certain parts of the country, especially in Ontario during the depression years and periods of unemployment. It has not been the practice, however, to undertake works to protect municipalities from floods, and I am told that that is not our responsibility.

The hon. member for Fraser Valley puts it on a wider plane; he says that this is a national situation, a national emergency. I suppose that that could be argued, and I am not going to start an argument with him today. Nobody sympathizes more with these people than my department, because we are in daily contact with those who live along these rivers and streams. Wherever we have works or dikes that are causing any damage we attend to the repairs and maintenance of those works, but we would not like to intervene because the provinces are jealous of their autonomy and resent encroachment upon their jurisdiction.

We are hesitant to do anything which is not within our jurisdiction in a province. I am not saying that it has not been done, but I know that in certain provinces whenever we try to do anything that is within provincial jurisdiction they are always ready to say: Why don't you attend to your own affairs? I want to tell you that in public works we are trying to do just that.

We are receiving requests from all over the country, especially during springtime, to relieve these conditions. I do not know that we have done very much so far. Personally I would be elated if this matter came under federal jurisdiction, because in my own district right across the river there is a town of 2,400 people which is flooded out nearly every spring to such an extent that fifty per cent of them must move out. Before I became a minister of the crown I made representations to the government and asked for relief, but the answer I received was just about the answer I am giving today.

Mr. FULTON: I fancy you were dissatisfied?

Mr. FOURNIER (Hull): I will not say that I was satisfied. Then I tried to get help from the proper authorities, but I do not know that I was so successful there either. I knew that the municipality could not cope with the situation. It had no means to do so, and it certainly had no control over the flow of the river, especially in the spring.

I do not want to get into an argument, but I recall that in the green book containing proposals of the federal government to the provinces there was reference to public investment, and I believe there were a few paragraphs concerning works of this nature in connection with which the federal government declared itself prepared to co-operate in order to relieve serious conditions in the provinces. I am not reflecting upon what took place at the conference or what was discussed there, but those proposals have never been withdrawn. They are still in the green book which was presented to the premiers of the provinces.

My officials in every part of the country have been instructed to do their utmost, with the staff and the means we have, to help local populations. I am more than pleased to be able to say that my deputy is out there now. Perhaps he foresaw what was going to take place in British Columbia, because he flew out there on Monday or Tuesday. I think he will be back next Tuesday, and if any further questions are put concerning the situation I will be ready to give all the information I can.

Mr. CHURCH: Mr. Chairman, I should like to take three or four minutes of the time of the committee to discuss this particular resolution. In the first place, I should like to see a national policy adopted which would apply not only to the maritimes but throughout the whole country. A number of hon. members visited the city of Toronto some time ago and they saw the marshlands in the Ashbridge's Bay area. The city built two large dredges at considerable cost which pumped about two and a half million cubic yards of sand and water a day which was used to reclaim this area.

I support the principle of the resolution. The hon. member for Davenport has taken a great deal of interest in this matter. The other day he showed some pictures in the railway committee room which indicated what could be done in this country in the way of reclaiming marshland throughout the country. I believe in certain cases the provinces should contribute towards works of this kind.

Since confederation the only works carried on by the federal government have been those concerning navigation. The public works department erect breakwaters, harbour works

and all that sort of thing on navigable waters or streams. Many of the reclamation works carried out in the three prairie provinces have been good so far, but I do not agree in the policy involved. Somebody must be responsible for the construction of these works. We should have a national plan but it seems difficult to get a plan at the present time for these reclamation works. I do not think an advisory committee should be appointed. The works are to be undertaken by an advisory committee upon terms and conditions agreed upon with the province prior to May 1, 1955, and the Minister of Agriculture is to be empowered to appoint the necessary officers and employees to be paid out of the consolidated revenue fund. There should be a national policy of flood control undertaken in conjunction with the provinces. Some of the dredging plants of the federal government could be used in connection with this work.

Floods are causing widespread damage in every province. We should have a national policy of bonuses, subsidies and subventions on reclamation and flood control. It would not only improve conditions all over Canada and develop our national resources but provide employment. I commend the principle of this resolution. We shall await the bill for details.

Mr. FULTON: I endorse everything that has been said by the hon. member for Fraser Valley. I saw the Fraser river on Tuesday of this week. It was then four to six feet below the level of the C.P.R. main line, just around Agassiz, a little bit east of where the hon. member comes from. I was told that the previous day it had been below the level of the telegraph poles alongside the railway, and when I was there it was about a foot and a half up the telegraph poles; so you can see the rate at which the river has been rising.

Although my own constituency is not at the moment suffering from major floods, it has rivers which have washed out bridges on highways and railways, but no comparable area to that which has been inundated in the Fraser valley. Although that is true, I support entirely what the hon. member for Fraser Valley said. I agree that it is now a national emergency which must have the consideration and co-operation of the federal government and of all federal departments, although the greatest emergency exists in the hon. member's area and in the area from which the hon. member for Kootenay West comes. I understand he is now out there to see what he can do to help. It is a situation which threatens the whole of the province.

[Mr. Church.]

I am intimately acquainted with the rivers of the Fraser river system, the lower end of which flows through the hon. member's riding, but the tributaries of which, many of them, rise in and flow through my own riding. I think we are required to consider two aspects of the matter: first, what we can do to deal with the present condition, which has caused deaths and damage and threatens further damages and possibly further deaths of men and women and of course of all kinds of livestock; second, we must consider how we can prevent such occurrences in the future.

I do not agree with the Minister of Public Works when he says that at the moment there is no way in which the federal government is directly interested in the matter. The Department of Fisheries certainly does not take that view. They go around blowing up dams on our rivers when those who know the situation tell them that if they do so, thereby allowing rapid spring run-offs, they may aggravate the danger of floods. They say they have the power, and they blew out a dam at the end of Adams lake, despite strenuous objections from local people who knew the situation. I am not going to say that that alone actually caused the floods this year, but those who understand these problems tell me that it contributed to them, and that what should be done is to control the run-off where it is most easily controllable—that is, at the source of the trouble, the outlets of our lakes where they become rivers and where you could put a dam which, by raising the level of the water, in the lakes only, from four to six feet, would store a tremendous body of water and also catch the run-off from the mountains. It is at these places that you can control the run-off and prevent such floods as we are now having. That is the proper way to tackle this problem. That is one way which has been urged for some years now.

The federal government has been urged to co-operate with the provincial authorities in making surveys and putting in such installations. In the United States they put in projects covering waterpower, water for irrigation, power for industry and also for irrigation, and projects which will control floods and prevent soil erosion and damage to farms from sudden spring floods. It is that approach we must make to the problem in Canada, and which we have urged on the government for at least two years that I know of in connection with the Prairie Farm Assistance Act.

Mr. GARDINER: We have been doing that for ten years.

Mr. FULTON: Not in British Columbia, and not to any great extent throughout the rest of Canada.

Mr. GARDINER: To a very considerable extent.

Mr. FULTON: In the past two years I have asked the Department of Agriculture, the Department of Public Works and the Department of Fisheries, in co-operation with the provincial authorities, to make a survey of the whole Fraser river system to find where projects can best be installed so that we can control the run-off and prevent floods and build up a power system that will also provide irrigation and power for industry. I have been in communication with all these departments, and I had an answer from the Minister of Public Works earlier this year, replying to a letter of mine asking what progress was being made in respect to such a survey. I take it that the minister will have no objection if I read his answer.

Mr. FOURNIER (Hull): If I wrote it to you, you can make it public all right.

Mr. FULTON: I take it that the minister is a little more cautious than other members of the government, who occasionally find the things they have said embarrassing. The minister in his letter said:

> This matter is at present receiving the active attention of the department, and I propose taking it up with my colleagues in council with a view to obtaining the necessary authority for the formation of a board to carry out the required surveys and to submit a complete report on its recommendations, with an estimate of cost of its proposals.

Mr. FOURNIER (Hull): If I might intervene, this is an old question, as the hon. member knows. We have had engineers making surveys in the Fraser river valley to try to avoid the conditions described by the hon. member for Fraser Valley, right down to where the river flows into the ocean. Listening to the hon. member for Kamloops, it occurred to me that he seems to know a lot about rivers and streams and dams, and the measures to take to avoid floods. But the reports we have to date are not conclusive. They are to the effect that it is very difficult to deal with conditions in the Fraser river valley. When I wrote that letter we had in mind the constitution of a board consisting of engineers appointed by this government, by the province and by interested municipalities, to make a study and survey and report to the different governments. I can tell the hon. member—without giving the exact date, which I cannot recall—that the government did authorize me to get in touch with the province and municipalities and help to constitute this board. I believe that one of the outstanding engineers of my department will be a member of the board, which, if I remember rightly, will also have representatives from the departments of fisheries and agriculture. I have not the details, because I was not expecting this debate to come up today, but I know that British Columbia and the municipalities have agreed to appoint representatives. I am not sure whether the surveys have yet been started. The object of this would be to try to devise means to relieve the actual conditions incident to floods in the spring, and also to do what work is necessary at the mouth of the Fraser river, to be carried out by my department each year, in the effort to remove the sandbanks that impede or form an obstacle to navigation. But we take part in these studies only because navigation comes under federal jurisdiction, and we do not shirk our responsibility. As I listen to hon. members in the house speaking of flood conditions, they seem to think that this is a federal problem, and I am simply trying to explain to them the status of the matter. They are not addressing themselves to the right person. I have never said a word against the other bodies which are responsible for the works in connection with these conditions, and I am trying to co-operate. I would ask these hon. members, when the session is over, to get in touch with their friends in their provinces and make to the governments there the same representations that they make to our government, which is the last one to have responsibility in the whole matter.

Mr. CRUICKSHANK: Mr. Chairman, may I interject—

The DEPUTY CHAIRMAN: I must call the attention of the committee to the fact that what we have before us is a resolution to assist the provinces of Nova Scotia, New Brunswick and Prince Edward Island in certain respects. The hon. member for Fraser Valley, rightly I believe, brought to the attention of the house an emergency situation which exists at the present time, and I believe he had in mind the question whether anything could be done to help the people concerned in this emergency. However, I would ask hon. members who are discussing that situation in British Columbia to confine their remarks to the emergency, and as soon as they have finished with that we shall go on with the resolution which is before us. I think hon. members should try to confine their

remarks to the situation as described by the hon. member for Fraser Valley.

Mr. GARDINER: On the point raised by the chairman, perhaps it would help if I were to say this. I was going to suggest that we confine ourselves to the matter which was brought up by the hon. member for Fraser Valley, the reason being that—at least this is my hope—as soon as this motion passes the resolution stage and we get the bill into the house, we can go on to deal with the estimates; because some of the matters that are being discussed now could properly be taken up under P.F.R.A. or under special votes provided for British Columbia and other parts of Canada. Most of what has been said by the hon. member for Kamloops should really come under those items. It would be better to discuss them then than to take up so much time now, and then have a discussion again on the items I have indicated. Both the matters having to do with the prairies and with the valleys generally in British Columbia can be considered better under the other items.

I may say that the director of P.F.R.A. is already in British Columbia. He has been there since Tuesday of this week. The director of marketing went up yesterday and will be taking note of all that is happening in that section of the province, and he will then report back to us.

Mr. FULTON: I appreciate the point that you have made, Mr. Chairman, and also the remarks of the minister, and I will conclude briefly along the lines you have suggested.

I would point out that to some extent this emergency is aggravated by the conduct of the Department of Fisheries in blowing up a dam without regard to the representations made by farmers and others familiar with the conditions in the district. I would point out further, while I am not going to go into any further details regarding the general approach to the question, that this matter is so serious that we must immediately take steps to prevent a recurrence of these conditions. In my opinion the Minister of Public Works is and should be interested in these measures, because the rivers to which I refer are navigable, and I have a direct interest in the flood conditions in that province because there will be floods in my own constituency this year. They are starting now. Though they are not yet as serious as they are in the Fraser valley, nevertheless they are developing and we fear they may become very serious. I hope therefore that the three ministers, of agriculture, fisheries and public works, will, in conjunction with our own departments in the province, send their officials to our area; and while taking steps to relieve the present emergency they should, I suggest, bear in mind details in connection with a long-range program such as I have spoken of. I have urged such a program for the past two years and I think it should be implemented. Incidentally, I know that the ministers in British Columbia are in general in accord with a project along the lines that I have suggested.

[The Deputy Chairman.]

Mr. CRUICKSHANK: I think hon. members will bear me out when I say that I was not offering criticism generally. I am talking about the present national emergency, though I may say that I shall have a good deal to say about the minister's department and other departments as well. There are things he should do that he has not done. However, I was speaking of the emergency. What I am trying to do is to impress upon the Minister of Agriculture and the Minister of National Defence the importance of this question, and the urgency of the situation. The Minister of National Defence has a very large camp in that particular area. There is also situated there the second best airport in the dominion, and I was trying to impress upon the ministers that this is a national emergency which must be considered by the government as such. I entirely disagree with the Minister of Public Works in his interpretation of the facts relating to this condition. I repeat, it is a national emergency and as such it must be considered at once by the government. So far as the estimates of the Minister of Agriculture are concerned, they do not amount to two bits compared to this question.

I know that the Minister of Agriculture wants to get away to some other area—I do not know for what purpose—but at the same time I must urge upon him the importance of dealing with this situation. I am not depreciating the marshlands of the maritimes, but that is something that can wait until tomorrow. There is no need to rush it through while the whole Pacific coast is in danger. I deprecate the idea of rushing estimates through when not only the economy of the dominion but lives are at stake.

Mr. CLAXTON: I think it might be interesting to hon. members to hear something of the steps that are being taken in this connection by the Department of National Defence, which has been in close touch with the situation. I did not anticipate the discussion that has arisen this afternoon and

therefore I have not a full report, but since the discussion began I made some inquiries and I can speak briefly on what we are doing.

Rear Admiral Mainguy, commanding the Royal Canadian Navy on the Pacific coast, sent a signal to H.M.C.S. *Discovery* at Vancouver: "Render any assistance", and also to all ships on the Pacific coast: "All power boats are to be brought on short notice to assist in flood emergency on Fraser river; above boats to be fuelled, watered and provisioned". A navy tug was dispatched to New Westminster. All these boats are furnished with emergency and life-saving equipment. Yesterday the signal service took over the ordinary Canadian National railway service of telegraphs through some of the flood areas, which was interrupted because the poles were down. The air force is dispatching one or more Dakotas from No. 12 group of the northwest air command, carrying sandbags to Cranbrook for use at Kimberley. At Chilliwack we have the engineers' school and training establishment, which is working full-time assisting in flood control. Also at one or two localities reserve units have been put on active service at the request of the local authorities, and instructions have been given to all three services to do everything that can be done, and that is necessary, in co-operation with the provincial and local authorities.

I should add that the Canadian armed forces, as I think hon. members know, are not equipped in the same way as are the United States forces, because in the United States the army engineers do a large part of all public work. That has never been the practice in Canada. Perhaps we should do more of this work in order to gain training experience; but whenever it has been possible to put at the disposal of local authorities such facilities as the armed forces have, we have done that as a work of national service, and also because it is of direct value in connection with training. But here in this case we have a direct and immediate interest because our own establishments are endangered by reason of the flooding. Other steps are being taken. I have given instructions that everything possible be done.

Mr. MATTHEWS (Kootenay East): I wish to support all that has been said by the hon. member for Fraser Valley and the hon. member for Kamloops. I am also interested in what the Minister of National Defence has just said. It bears out the assertion that what has been happening in British Columbia is a calamity of the first magnitude which should take precedence over the rest of the business of this house.

I listened with great interest to what the Minister of Public Works had to say a little while ago, when he was emphasizing the division of responsibility between the federal department and the provincial department. I should like to say to him that there are times when these disasters are of such magnitude that they sweep away all jurisdictional prejudices that may arise.

I was in telephonic communication this morning with the mayor of my home town of Fernie, which has been isolated by road and rail for all of this past week. Highway bridges have gone out, which of course the provincial government will be prepared to take care of; also a C.P.R. bridge has gone out, which the C.P.R. will be prepared to take care of. But what I am greatly concerned about is what is happening in the town of Kimberley in the riding of Kootenay East. A small creek, called Mark creek, runs through the centre of the town. There has been a flash flood; and the creek has gone completely on the rampage. Many homes have been washed away and destroyed, and several hundred people have been rendered homeless.

I want to say here a word of thanks to the Red Cross for the splendid way in which they moved in at once to render all the help they possibly could, and also to the Minister of National Defence for the way in which the militia department stepped in, shipping in thousands of sandbags and men ready to assist in any possible way. But what I am mainly concerned about is this. Who is going to help the people who have lost their all? They are not worrying about whether it is a federal responsibility or a provincial responsibility. Through no fault of their own and certainly I am not attributing any blame or negligence to the provincial department or the federal department; you might call it an act of God—everything they possess has been swept away. I for one cannot see how we in the nation's parliament can just sit here and say: Oh, it is too bad, but it has nothing to do with us. May I refer for just a moment to the fact that we have been discussing in these last few days a national budget, in which the minister has shown that he has a surplus of about $670 million. Surely it will do no harm to take a few million dollars of that money and use it wisely in the various parts of British Columbia which are suffering so terribly, in order to help to relieve cases of necessity that are most pressing. Of course it would be a matter for consideration on the part of the federal department as well as of the provincial department to see that help is rendered to the most needy cases. I do not think that we here in Ottawa can realize the magnitude of what is

happening in British Columbia. I have known, as has the Minister of Public Works, for many years the difficulty that is experienced in Gatineau Point from year to year. But they know what happens there almost every year, and they can be prepared for it. Out in British Columbia, however, this is something unusual. It is the greatest flood damage in fifty years, caused by excessively heavy snowfall in the mountains—a sudden spell of hot weather which brings down all that water—and people suffer. Surely the needs of these people can be aired, and they are entitled to the assurance that aid will be given.

Mr. ROSS (Souris): First of all I want to concur in all that has been said by various members from British Columbia, because I can assure hon. members that in parts of the prairie provinces we have gone through the very same thing this past spring. Not only has there been danger of loss of life; a dozen lives have actually been lost through flooding in the prairie provinces. Many hundreds of people have lost their homes. This has been going on for nearly two months; and now in northern Manitoba, in The Pas area, the same thing is happening as happened in British Columbia; many hundreds of people there have lost their all, their life savings. They have no place in which to live. It is a serious business.

As the previous speaker, the hon. member for Kootenay East, has just said, this has been an abnormal season. In our part of the country we did not have ordinary winter thaws. We had heavy snowfalls, then extremely heavy rains taking the snow away, and the run-offs could not handle the water.

Apart from the serious business of the loss of life that has occurred and the many more lives that are in danger, many who make their livelihood on farms will lose their entire year's operations this year. They will have no income whatever. While we think we have been fortunate in having had the P.F.R.A. and P.F.A.A. in the prairie provinces, the regulations under those two measures will not take care of many of the people who have lost everything owing to flooding.

I want to pay a compliment to the minister of National Defence. The troops under him helped a great deal, as was so well described by the hon. member for Portage la Prairie a while ago, in connection with flooding from the Assiniboine river. The troops worked night and day, and we cannot thank them too much. They have rendered splendid service wherever they have happened to be stationed in western Canada. This flooding business is certainly a national disaster, affecting as it does thousands

[Mr. Matthews (Kootenay East).]

of people west of the great lakes, right through to the western coast. It is a serious source of trouble.

I know, as the minister has said, that under our governmental set-up these matters are first the duty of the municipality; in turn, when the municipality cannot settle them, they must go to the province; and the province in turn goes to the federal government. But this is truly a national emergency. The people in some parts of Manitoba have probably been more accustomed to this sort of thing, on the Red river and on the Assiniboine, and out on the Souris where I have been, and you have not seen anything about it in the press. Many farmers in my constituency will not seed an acre this year and have not an acre of pasture for their cattle. They are losing their only opportunity to make any revenue for the entire year; therefore we are facing disaster which will require federal assistance. That of course we can discuss at the appropriate time.

To deal for a moment with the resolution which is before the committee, I should like to raise a question before the minister replies. The resolution reads:

> That it is expedient to present a bill to assist the provinces of Nova Scotia, New Brunswick and Prince Edward Island in the reclamation and development of marshlands in the said provinces by the construction and reconstruction of works necessary therefor and the purchase of required machinery and equipment. Works may be undertaken only on the recommendation of an advisory committee to be established under the act and upon terms and conditions agreed upon with the province concerned prior to the first day of May, nineteen hundred and fifty-five. The Minister of Agriculture is empowered to appoint necessary temporary officers and employees to be paid out of the consolidated revenue fund with provision also for the payment of expenses of members of the advisory committees.

To me that seems exactly the same as the duties and objects set out in the Prairie Farm Rehabilitation Act, with which I have had some experience. For the past two years I have had on the order paper the following resolution:

> That in the opinion of this house the government should take into consideration the advisability of expanding the Prairie Farm Rehabilitation Act into a national soil conservation and farm rehabilitation act and extending its activities to all the settled farm areas of Canada.

The point I want to make is that we have this administration already set up. As I read the resolution the bill will call for exactly the same kind of work and the same kind of advisory committees. It is true that some added personnel would be required, including persons who are conversant with that particular area; but I should like to know why it is necessary

to bring in a new bill instead of amending the existing act to take advantage of the administration already organized. It seems to me that would be far more efficient.

For some sessions now various members from the maritimes, including the hon. member for Cumberland, the hon. member for Colchester-Hants, the hon. member for Saint John-Albert and others, have been pressing the government to do something about the reclamation of these marshlands, and I am sure those hon. members will have much to say on this measure. When the minister speaks, however, I should like him to tell us why it would not be more efficient to deal with this matter by amending the act already on our statute book and making use of the experienced and efficient men who are in charge of that organization, instead of setting up a new administration which will require a complete new staff, new equipment, and so on.

Mr. ISNOR: I should like to speak briefly on the resolution, but before doing so, as a member from Nova Scotia, our extreme eastern province, I am sure I am expressing the thought of every maritime member when I extend our sympathy to the people of British Columbia who find themselves in such difficulties today because of floods. We in Halifax have gone through two explosions. We know what an emergency is, and the hardships that follow; therefore we can appreciate the plight of the people of British Columbia in the circumstances in which they now find themselves.

My first words in respect to the resolution, which deals with assistance to the maritime provinces in the reclamation and development of the marshlands, must be to express, on behalf of all maritime members, our appreciation and thanks to the minister. I think perhaps the Minister of Agriculture deserves more credit in this matter than any other single member of the cabinet. He has been very sympathetic to our representations over a period of years. I recall that in 1937 or 1938 I was a member of a committee which waited on the minister in this connection. As I recall it, the hon. member for Westmorland was chairman of the committee, which included Mr. Purdy, former member for Colchester-Hants, and certain senators.

Since that time various committees have been set up, and the suggestion has been given strong support by all members of this house. The hon. member for Cumberland has been very active. The hon. member for Saint John-Albert and other hon. gentlemen on the opposition side, as well as hon. members from all parts of the maritimes sitting on the government side, have given their strong support. On all occasions we have been courteously received by the minister. Later more definite representations were made by the premiers of the three maritime provinces, who recently placed certain proposals before the minister. I am hopeful that as the outcome of those representations a bill will be introduced, founded upon this resolution, which will provide the necessary assistance to bring about the results for which we have been working for these many years.

While I am on my feet I wish to add the name of another friend of the maritimes. I refer to the splendid representations which have been made, not once but on many occasions, by the hon. member for Davenport. The other evening we listened to the hon. gentleman deal with the development of the maritimes in regard to the production of coal. That was just one more example of his friendly feeling toward the maritime provinces, and I know he will join with those of us who come from that area in supporting this measure and giving credit where credit belongs, in this case to the Minister of Agriculture.

For the benefit of western members, more particularly those coming from the prairies, let me say that while our Nova Scotia farm production is small in comparison to theirs, it has shown a steady increase. In 1938 our farm production amounted to about $17,700,000. By 1945 it had increased to over $26,000,000, and by 1946, the last year for which I have figures, to about $42,000,000. If this development takes place in connection with our marshlands, particularly in Nova Scotia, we believe that production will be greatly increased. In my province of Nova Scotia we have 33,000 farms, representing a population of 150,000 people; so you see we are very much interested in the industry of agriculture. That also applies to dairying. Our production still is not what we would like, but we do produce seven million pounds of creamery butter per year. It is because we need these marshlands for the further development of the production of butter, dairy products and feed for our cattle that we have been asking for so many years that some action be taken.

The dikelands of the maritimes bear a relation to agriculture there similar to the relation the prairie lands bear to agriculture in western Canada. While the acreage of the prairies is vastly greater, the dikelands of the maritimes are equally essential to the basic industry of agriculture.

I said I was going to speak briefly. I believe the majority of hon. members are familiar with our dikeland conditions. They have been written about in fiction and history, and have

been referred to time and again on the floor of this house. We need reconstruction in a big way in the maritimes. We have, roughly speaking, 80,000 acres which will come under this reclamation scheme, if carried out as requested. It is because of that, and the conditions in which we find ourselves, that we are particularly interested in the bill which will be introduced.

Surveys have been made. I have correspondence covering a long period of years, and while I am not familiar with the details of the bill which the minister will introduce, or with the various points which will be set out in the sections, I know there were three definite proposals placed before the minister in respect of the manner in which this could be carried out. One involves a fairly modest amount, and a second one would run into several millions of dollars.

We are hoping that this will be a permanent undertaking, one which will have a lasting effect upon the development of agriculture in the maritime provinces; not just an emergency measure to tide us over or to satisfy us for the time being.

Mr. GARDINER: This covers the whole thing.

Mr. ISNOR: Thank you; I am pleased to be advised by the Minister of Agriculture that this scheme is broad enough to cover the full program as placed before him by the three premiers in their recent conference on this subject. I take it from the minister's statement that it will be only a matter of years until our total marshlands will once again be properly protected so as to give us an opportunity to cultivate on those lands produce which will be helpful to our province.

I have endeavoured to speak as briefly as possible, so as to permit other maritime members, if they so desire, to join with me in extending thanks to the minister. Once again I thank the government and particularly the Minister of Agriculture for having brought this legislation before the house.

Mr. GARDINER: Perhaps if I were to give some details so that hon. members would have some information as to the nature of the legislation, it would help them in anything they might desire to say. I was hopeful that most of the discussion would take place on second reading of the bill. The bill is in print and ready for distribution as soon as this resolution passes. With the bill before us, we would be in a better position to discuss points such as those mentioned by the senior hon. member for Halifax.

[Mr. Isnor.]

At present, however, I should like to reply to the question asked by the hon. member for Souris. As he said a few moments ago, for a period of years he and other hon. members have been advocating that we should have legislation similar to that known as the Prairie Farm Rehabilitation Act, which would be applicable to all Canada.

In so far as it has been given consideration by the government, it was thought that if such action were taken there should be two bills, one covering the problems we have from Manitoba west and the other covering problems from Ontario east. Those problems are different, due largely to the nature of the country and to the difference in climate in the different areas. It was thought, therefore, that there should be two bills.

May I say that, among others, I have become a little bit tired, if I may use that word, of waiting for these larger bills. The suggestion made a few moments ago by the senior hon. member for Halifax is correct in every particular. Since coming to Ottawa and going to the maritimes to see for the first time the marshlands there, and the experimental work which was started there the year before I took over the department, and which has been continued since that time, I have been convinced that one of the most important works to be done in Canada was the rehabilitation of the marshlands.

I recall that from my earliest days in school in Canada I was taught that one of the highest tides in the world was that in the bay of Fundy. I did not realize what that meant until I had an opportunity to go there and to see it. The situation is one which has been dealt with over a long period of time and by different authorities. Although I have not measured it, I was told, while I was very young, that the water rises to a height of forty-two feet.

Mr. ISNOR: To sixty feet.

Mr. GARDINER: It was stated conservatively in our geographies at forty-two feet, although I would suppose that at some point or another the figure of sixty feet would be correct. In any event, forty-two feet is a very high tide; and a rise of sixty feet, as has been suggested by the senior hon. member for Halifax, is a considerable rise indeed. Hon. members will realize what this means, and that it is different from the matter about which we had been talking this afternoon. This is not something that happens once in every fifty years or in every ten years; it happens twice a day. The water rises under the tide twice a day, and this goes on year in and year out.

A long time ago, in the first instance when the area was ruled over by the French, the French government thought this important enough to conserve these lands from the sea, the lands on the flats which are flooded every time the tide comes up. The French put their armed forces and others to work at building dikes alongside these marshlands to prevent the rising of the water from flooding twice a day these very lands.

A hundred years ago the British had gained control of that area. It will be kept in mind that in both instances it was not the federal government which acted; rather it was imperial governments a long distance away from the work, governments across the ocean. But they took sufficient interest in the matter to see that these dikes were built. First it was the French and later the British.

The dikes were built. We like to pride ourselves upon our engineering skill today; but the engineers of that time built those dikes so soundly that they gave very little trouble over a long period of years. The aboiteaux built to control the going-out and coming-in of the water, with the assistance of some maintenance on the part of either local bodies or the provinces, since the confederation of the provinces, have remained intact, and have given good service. For some reason which I shall not discuss at the moment, agriculture was not paying as well in the maritime provinces in more recent years as it had been in the earlier period, and there was not the same care taken of these high producing pasture lands, nor was the same care taken of the dikes themselves. The result was that some of these dikes became damaged and the seawater began again to come in over these flats which are capable of producing great amounts of fodder.

As an indication of just how much they can produce, let me point out that we took over a small acreage of it alongside our experimental farm, and have been operating it since the first year I was in the government. The area was taken over in the year previous, although the experimental work had not been begun when I took office. I went to the maritime provinces, looked at the area, and the surrounding area, and decided that the work should proceed. I have been back there since to see the plot of land taken over. On one side of the road we find a condition today where a certain amount of fodder such as alfalfa or other hay is produced, while right across the road on the plot which has been properly handled under experimental conditions we find three times as much being produced from each acre.

This gives some indication of the possibilities in the area by way of increasing production through the proper handling of these lands. Long arguments have gone on as to whose responsibility it would be to make the necessary improvements. I have been convinced from the beginning that it did not make any difference whose responsibility it was, that no government short of the national government could do any considerable part of the work that had to be done. If it were to be done at all it had to be done on the same basis as the French did it in the first place and as the British did later on; it had to be directed and partly financed by some central authority and put into shape where the local people could handle it.

In the past the dikes were there, and the practice that was followed was to have provincial legislation under which the land behind the dikes could be managed and under which certain levies could be made in order to cover the cost of maintenance. This is administered in very much the same way as what has been done in connection with drainage in provinces across Canada.

The bill to be founded on the resolution provides for the federal government building or rebuilding or reconstructing the dikes. We think it is better that there be a division of authority rather than there be a division of funds; that there be a division of responsibility rather than that there be a division of funds. We will go ahead and do a certain job and then the province will do a certain job. Then those who will have benefits from the land will do something further, to be provided for under provincial legislation.

The job we have taken upon ourselves to do is that of reconstructing the dikes to keep out the sea. When we have completed that job we hope that there will be no possibility—if there is a possibility we may have to do something further with regard to it—of the sea getting in to damage these lands. Then the province undertakes under the legislation to do certain works behind the dikes. There may have to be some negotiation when we get down to the final determination of what is to be done by one or the other, as to just where the one stops and the other starts, but what each is responsible for is pretty clearly written into the legislation and we can discuss the details when the bill is before the house.

So far as the federal government is concerned, the total expenditures in connection with the 80,000 acres referred to a few moments ago by the senior hon. member for

Halifax will be $3,210,000. This is made up as follows:

30 miles new dikes at $10,000 a mile	$ 300,000
70 miles heavy reinforcing dikes at $6,000 a mile	420,000
200 miles medium and light reinforcing dikes at $2,500 a mile	500,000
10 very large aboiteaux at $80,000 each	800,000
20 large aboiteaux at $30,000 each	600,000
35 medium size aboiteaux at $6,000 each	210,000
200 small aboiteaux at $1,000 each	200,000
200 breakwaters at $700 each	140,000
80,000 acres, surveys and plans at 50 cents per acre	40,000
Total	$3,210,000

Those are the expenditures under division No. 1. Then division No. 2 covers the expenditures to be made by the provinces. The estimated cost to construct, straighten, dig or clean laterals, sub-laterals and dale ditches in 80,000 acres of dikelands and marshlands and to clean larger drainage ditches or canals is $4,230,000, made up as follows:

50 miles large canals at $10,000 a mile	$ 500,000
130 miles large creeks at $5,000 a mile	650,000
120 miles of laterals at $4,000 a mile	480,000
600 miles of sub-laterals at $2,000 a mile	1,200,000
7,000 miles of dale ditches at $200 a mile	1,400,000
Total	$4,230,000

Expenditures under division No. 3 are to be undertaken by the dikeland owners. The 80,000 acres are to be replowed, limed, fertilized and reseeded at $18 per acre, or a total of $1,440,000. Those are the estimated figures at the moment. The works referred to a few moments ago by the senior hon. member for Halifax as being temporary were started in 1944-45 and consisted simply of patching up holes in the dikes and that kind of thing. There was nothing permanent about it. The federal government have spent on such activities in 1944-45, 1945-46, 1946-47 and 1947-48 a total of $207,601.33. These works will be continued during this year. The activities under the bill which I intend to bring before the house will start with the next season.

It is estimated that it will take anywhere from five to ten years to do the work, depending upon how much we are able to accomplish each year. In their proposals the provinces suggest that it should take nine or ten years, but we are hopeful that the work for which we are responsible can be done in a much shorter period. We think the most important thing to do now is to keep the water out. When we have spent the amount which is required to cover the federal government's responsibility in connection with the dikes, it will then be possible for other work to be carried on by the provinces behind the dikes. If the province desires to take a longer period of time or if those interested in the land desire to take a longer period, it will be most helpful to them if our work is carried out in a shorter space of time.

In answering the hon. member for Souris who asked whether this bill would be similar to the P.F.R.A., I would say that it will not be similar. This bill covers just the one thing. So far as we are concerned, it covers the building of the dikes. That will be done by the federal government and the staff required will be an engineering staff.

I presume the advisory committee will be much the same committee as we have had for a number of years. The chairman of that committee is the superintendent of the experimental farm in Nova Scotia and he has a number of others associated with him. These men have studied the question fully and have made reports from time to time. I presume it will be that committee, or some variation of it, that will function in connection with the whole activity.

I should like to get the bill before the house as soon as possible. I may say to those who are concerned about my getting away that I am not going away for a week. Nobody needs to be in any hurry about my going away. I shall go away when the time comes whether the legislation is through or not. There is nothing involved in my going or staying in so far as the legislation or my estimates are concerned. It is simply a question of getting along as rapidly as we can with the ordinary business of the house. Even if my estimates and this bill are through, I shall probably be here until about a week from today or a week from yesterday, so that we can go on discussing these matters to the satisfaction of all who are here.

However I think we could accomplish more and get greater satisfaction out of the discussion if hon. members would put me in a position as soon as possible to get the bill into their hands and that can be done right after this resolution is passed.

Mr. HARRIS (Danforth): We need you but can get along without you.

Mr. HAZEN: A good many of acres of land that will be improved when this proposed legislation becomes law and is put into effect are located in the constituency that is repre-

sented in this house by the hon. member for Cumberland. On a number of occasions during the past number of years he has brought to the attention of the members of the house the deplorable condition of these marshlands, and has asked the government that some action be taken. I am not in a position to say and I do not say that it was wholly through his energetic efforts that this resolution has been brought down and that the legislation is to be introduced, but I think he is entitled to some credit for what he has done for his constituents in this matter, and I think also there are other members—

Mr. ISNOR: I gave him credit.

Mr. HAZEN: I admit that, and there are other members from the maritime provinces who are entitled to credit for what they have done in this matter.

There is in the county of Albert, which I have the honour to represent in this house, a considerable acreage of these marshlands that front on the bay of Fundy. Some improvements have been made through arrangements between the dominion and provincial governments and the landowners in the past few years to restore the dikes and reclaim these lands, and probably the experience that has been gained in these operations has been or will be of service in the drafting of the bill that will be brought down.

I do not want to discuss this resolution now at any length. As the minister has suggested, I think it would be much better to do that when the legislation is before us. But I would point out this fact, that this legislation is of a most unusual character. As a rule, the dominion does not assist people whose property has been destroyed by floods. That matter has been discussed today in connection with the floods in British Columbia. The government does not assist owners of property whose lands have been destroyed by floods or by forest fires, nor does it assist people who permit their properties to fall into such a state of disrepair as to be no longer useful or productive. But in this case public funds are to be used to assist a number, and a considerable number, of land owners to improve their own properties.

These dikes in years past were raised by the hands of farmers, with labour incessant, to shut out the turbulent tides. They did that work with their own labour, with the French government possibly assisting at one time. The work was done first of all by the French settlers and later by English settlers, and the dikes were maintained and kept up by these settlers. With the ceaseless rise and fall of the tide there must be a great wear and tear on these earthworks to keep out the seas. For many years past they were maintained by the owners of the land, and the work was done at their own expense. But now for some reason or another, possibly a combination of reasons or circumstances—the minister referred to the fact that agriculture had been depressed in that area—the government is to do this work. For some years past the owners of the land failed to keep up these dikes; they failed to look after their own property, and as a result the dikes went down, the seas came in and the land was destroyed or made unproductive.

Now if public moneys, the moneys of the people of this country, are to be voted and spent on erecting these dikes and putting these lands into shape for their owners, I think it is essential that arrangements be made to see that the owners of the land keep up the dikes after they have been built. It is essential in this legislation or in the agreements that are referred to in the resolution to provide that the owners of the land maintain the dikes after they have been built. If that is not done the money of the people of this country that will be spent on the enterprise will be wasted.

Mr. BAKER: Coming from Nova Scotia, I just want to say that I am delighted, as I am sure the other members from the maritimes are, that the government has found it expedient to reclaim the marshlands in the three maritime provinces. I shall not go into details because I want to see the bill first, but I want to express the satisfaction it gives us all to have the minister make this pronouncement. We need all the arable land we can have in the maritimes. I can assure the committee that this is not a partisan matter at all. It is something that all of us from the maritimes have asked for in one way or another, some vocally on the floor of the house, some of us more quietly perhaps, by correspondence and by direct representations. That goes for all parties in the maritime provinces. I appreciate very much the general support and interest shown by the rest of the committee in this matter.

Mr. BENTLEY: I think it is proper that someone from the prairies should say something on this resolution. I suppose someone may accuse me of supporting this measure simply because it affects the province of my birth. I am glad to do so on that account, of course, but that is not the main reason. We in the west have felt for many years that it was necessary to have some assistance to carry us over places where water was scarce, because we believe that the production of foodstuffs is an extremely important thing both for our nation and for the world at large. We have

been given some measure of relief for some years by P.F.R.A., which has done excellent work in the Palliser triangle, and we hope, of course, that much more will be done. It does not make much difference whether the land is submerged under water or has not enough water, for in neither case does it produce the foodstuffs it could. I believe that the people of the west generally will welcome the extension of this assistance, although it is not called P.F.R.A., and obviously it could not be, to the maritime provinces, because the result will be to bring more land under cultivation.

I remember some of that section of the country pretty well. One member has said that the people who owned these lands have permitted the dikes to get into a condition of disrepair. I do not believe we should go back into history to place the blame on any particular person, because you cannot alter the facts anyway after you have found out who was responsible. The fact remains that there were times when it was utterly impossible for the owners of the land and the province itself to do the maintenance and reconstruction work that was necessary, and which will be necessary, as the minister says, to bring this land back into cultivation. Whatever errors were made in the past, the thing now is to see that the necessary corrections are made, and I agree with the minister and others who have spoken that this government should take the lead. When that is done, undoubtedly there will be quite a number of people occupying these lands who will be new settlers, probably young farmers, and they will no doubt get encouragement to go ahead and do their part in building and maintenance to make this possible. This will all add to the productive power of Canada and will be of great help to the maritime provinces in rebuilding their industries there, which they regard as their right. It is a pity that more of the same thing could not be done in connection with other industries in order to make them as productive as we all know they can be.

The early part of the debate this afternoon was taken up with a discussion of conditions in the Fraser valley. In a way, I felt let down to think that while the lives of people, and a tremendous amount of personal and public property, were in danger, there should be any discussion whatever over questions of jurisdiction on the part of governmental bodies. When there is such a crisis it should be dealt with as rapidly as possible by whoever has the means to deal with it, and then the responsibility could be assessed afterwards if necessary.

[Mr. Bentley.]

After all, if someone pushes a baby into the river, the first thing that anyone who is able to rescue it will do is to get the baby out, and then find the person responsible and take whatever action may be necessary to prevent his doing the same thing again.

I think the hon. member for Fraser Valley has brought up a question which is of importance not only to that part of the country but to all of us; and the government here, being the strongest in Canada, should take immediate, active and efficient steps to do whatever should be done.

I appreciate what the Minister of Public Works, the Minister of Agriculture and the Minister of National Defence have said they are doing. One minister has had his deputy out there for the last two days and no doubt he has been assisting in the work. The Minister of Agriculture has officials in the locality, and if one of them is the person I have in mind he will give a tremendous amount of impetus to the work there. But he cannot do anything without the necessary machinery and manpower. The Minister of National Defence has his engineers on the job. But that is not enough. This afternoon the newspapers indicate that something more rapid should take place.

Mr. GARDINER: The army and the navy are there too.

Mr. BENTLEY: Some of the army and some of the navy, and it may be necessary to have them all there. When there is a battle on, it is important to have everyone fighting.

Mr. GARDINER: I think everyone is there who should be there. Everyone is there without direction from the federal or the provincial authority. Everyone out there near enough to be helping is helping.

Mr. BENTLEY: Are there more on the way?

Mr. GARDINER: The question to be considered is not what can be done now, because, as I said, everyone is doing everything that can be done at the moment. The question raised by the hon. member for Kootenay East is the important one, as to what is to be done with regard to those who have lost property; but that is a thing that does not have to be decided today. As to the other things that can be done, I repeat, everyone is doing whatever he can.

Mr. BENTLEY: I am glad to hear that, and I am sure the hon. member for Fraser Valley will be glad to hear it also, because

I thought he rather felt that everything was not being done that could be done, and I thought he should have the support of the committee if he was correct in his assumption that everything was not being done that could be done. If, however, the minister is right and everything is being done that can be done, that will be a source of satisfaction both to the hon. member for Fraser Valley and to other members from British Columbia.

I will not take up more time on this resolution except to say that we sympathize with the people of the maritime provinces and we hope that those who put this measure into effect will be able to do so as expeditiously as possible. We hope they will meet with the success which has attended some of the work of a similar kind done in our part of the country.

Mr. MacNICOL: I endorse what the hon. member for St. John-Albert said in giving credit to the minister. In this House of Commons we too seldom, in opposite parties, give credit to those on the other side who do try to do something, and as far as I know the present minister is the first federal minister who has really put his teeth into this problem.

I compliment the minister, as did the hon. member for St. John-Albert. I also appreciate what was said by other members representing Halifax, Cumberland, where the works are going on near the experimental farm, to which the minister referred, Royal, Queens and other parts of the maritime provinces. We can include all hon. members from the maritimes.

Since I have been here, on one occasion or another I have spoken of the marshlands of the maritimes. Last October I spent some time in Albert county and also in the area in Nova Scotia about which the minister spoke. I must pay tribute to the early French pioneers. They did a marvellous job without machinery. They must have done it all with wheelbarrow, shovel, pick and so forth.

In the county of Albert last summer I saw one of the aboiteaux in action. In English, this means a valve in a trough or box, through which the water flows. It hangs on a hinge; when the water is draining off the land, this flap or valve moves seaward, and when the tide is coming in, the flap is pushed shut so that it keeps the sea out. The engineer on the job told me that these aboiteaux were built 200 years ago by the early French pioneers. That is a great tribute to those people.

I support this resolution and I will support the bill as well, for in my judgment it is long overdue. Anyone who heard the figures given by the minister will realize that the completion of the job would be too much for either Nova Scotia or New Brunswick by itself. The province of Prince Edward Island would like to have dikes too, but I have not heard so much about that. I believe the whole house will support the bill.

One thing that struck me favourably about this debate was the sympathy of everyone for any province that is in distress. The feeling of members generally toward any part of Canada that is in distress is something admirable, and it brings home to us the fact that all Canada is our business and not merely the little bailiwick that each of us represents for a short time. The country at large is our concern, and every member has been in sympathy with this proposal. Some members have referred to their individual troubles, and they are very real no doubt, and should be attended to as quickly as possible, but all those members supported the resolution.

I have heard the amount of acreage stated at between 80,000 and 100,000 acres. Even 80,000 acres are well worth reclamation. It would mean a great deal to the productivity of maritime farms. The farmers roundabout apparently grow hay on the marshlands, but for some years they have not been able to do so. Years ago these activities yielded great returns, but of recent years the farmers have not been able to do much in this way.

Last summer I spent some time at a delightful little town called Hillsborough where the gypsum plant is located. They were rebuilding the dikes there. As one drives south, I presume, from Hillsborough toward the gypsum plant, the roadway lies through lowlands.

The day I was there the water was over that roadway. The tide was in. After the tide went out, I myself went along the roadway across there at the other side of the depression. The land between the roadway and the bay was under water. But when the works now being constructed are completed that land will be reclaimed.

One of the engineers gave me a copy of the bill, or maybe I got it later in Fredericton; I have forgotten which it was. I presume it was a bill passed by the New Brunswick legislature last year or the year before. It stated that the gypsum company, the railway whose line was flooded when the tide was in, and the owners through an agreement were providing for a dike or the repair of that dike. So I hope that, when this bill goes through, the people in Albert county who certainly had great expense—and that includes the railway, the gypsum company and the owners of the land—will be considered for the return of

what they spent. They may not be through yet. More money may have to be expended there.

If the minister goes there, he will find the town of Hillsborough a very nice town. It has a fine hotel, which serves the best meal I believe I ever tasted. If I go back there, I am going to head straight for that hotel. I have forgotten its name, but it is on the left side of the street going south. It is well operated and serves fine meals.

In closing my remarks, may I say that I just rose because I know the areas about which the minister spoke. Having seen the tide across the road and across the low lands, I heartily support the reclamation of these lands.

Mr. QUELCH: I should like to say that we in this group are glad to give our support to this measure. I remember that, when the reconstruction committee of this house was sitting, we made a review of history of the conditions in this area, the history of the building of the dikes, how they had been allowed to deteriorate and how the marshlands have been developed. At that time we came to the conclusion that the problem was one which was altogether too great for the province to handle. Therefore we made a recommendation that reclamation of the marshlands be carried out as a national project. At that time we felt that it would help to increase the wealth of the dominion and could well be regarded as a self-liquidating project.

It was quite evident from the history that was given to us that deterioration of the area of the marshlands had come about largely during the depression times. It was explained to us that, owing to the depressed condition of agriculture, the farmers had not been able to afford the cost of maintaining the dikes, the cleaning of the ditches and so on. It is just another example of the heavy cost we pay in times of depression, and for some time in what we might call a deflationary period. We perhaps do not realize at the time the high cost we pay. It is only at a later time that we realize that the cost of a deflationary period may be much greater than the cost of inflation that we are constantly having brought before us.

I would also say we are glad to see that steps are being taken to give immediate help in the Fraser valley. Then, of course, the next question is this. What is to happen afterwards in regard to the people who have lost a great deal of their property, whose stock maybe has been destroyed, and who will have to be given assistance? One hon. member mentioned that it is a new idea that the federal government should accept responsibility for damage from floods. I do not think it is a new idea at all, because back in 1937, when we had the terrible droughts in the west, the federal government in part accepted that situation as a national responsibility. The federal government gave the prairie provinces a great deal of help in regard to drought conditions, and in bringing in feed. While flood may be the opposite of drought, nevertheless it is a condition that may absolutely bankrupt the farmers. Just as we accepted as a national responsibility the need for help in relation to drought, so I think we should accept the need for help in regard to damage from floods. We shall also have to accept that as a national responsibility and, when the damage can be reviewed, provide measures by which assistance can be given to these unfortunate people.

Mr. HARRIS (Danforth): Before the resolution carries, I should like to make one or two observations. First, I will say that I am in favour of this resolution for the reason that those who are affected by it are close to the communities which, in days to come, might consume the products which might be produced on these marshlands. In the second place, those who live in the proximity of these marshlands are the people who are the very basis, to my mind, and the very life of those features of our Canadian way of life which we like to think of as being of a pioneer character.

Thousands of people from the maritimes have gone west and have developed that part of the country. They left these lands because they were marshlands. Even though they left the midst of these communities—and I am sorry the senior hon. member for Halifax has left his seat; I have something to say to him and I hope he will come back—even though they left the community whence comes the hon. member for Saint John-Albert, I still have a mid-Victorian idea in my system that those who left the marshlands and went west are people of a kind that did wonderfully well on behalf of Canada. As I say, I may perhaps be mid-Victorian, but I should like to hold that pioneer stock within the confines of the maritime provinces in order that we might have some well-spring, as it were, or some source from which to draw the greatest of our Canadians to help to make up for the loss of those who found it necessary, through reasons of one kind and another—for instance, that they might get a better financial return—to leave the maritime provinces and go west.

But not nearly as important or as tragic is it that some left the maritimes to go west as it is that others left to go to the New England states to develop another country which does

not fly the same flag as we do. I should like to hold them in the maritimes. I say to my hon. friends in the maritime provinces that within the last quarter of a century, right at the mouth of these very marshlands, I have seen three old pioneering families which I visited, during the last two or three decades stay home in the maritimes. I ask the hon. member for Saint John-Albert—and he knows of whom I am thinking—if one, two or three of those individuals did not accumulate within the last two decades a million dollars in the end of these marshlands, by staying home and attending to their knitting within the province of New Brunswick?

One Sunday morning I hired a car and went out to Moncton to see one of these men at the end of the bore, the bore being one of those channels cut by the tide. This gentleman was on his verandah, and he said, "You, coming from the city of Toronto the good, will, I suppose, not talk business on a Sunday." I reminded him that I had already been to church and had driven out in the same car to see him. Finally, in a cold sort of way he said, "Well, come in off the verandah," and I had the pleasure of taking lunch with him at his home and then selling him forty or fifty cars of goods. After that, he thought those of us from the central provinces were perhaps not too hard to deal with. He finally consummated the sale, even though it was Sunday, and while he still thought Toronto was the good, he felt perhaps it was not quite so good after all.

My hon. friend about whom I have been asking has not yet entered the chamber. We are all members of a confederation. Over a period of two or three decades, the maritime provinces may have been overlooked. Coming from one of the central provinces, I say to my hon. friends in the maritimes: We love, admire and respect you, and hope you may be able to develop your economy so that you will be on a par with the other provinces of the dominion. Therefore, Mr. Chairman, I am in favour of this legislation. I think we should help them in any way we possibly can. Why? For the simple reason that we owe a debt to the maritime provinces of Canada, and I think we ought to pay it. This legislation, little though it may do, will perhaps help. I am sure the provinces of Ontario and Quebec will do anything they can. If hon. members coming from the western provinces find themselves asked to vote some assistance to the maritimes, many of whose people travelled west and helped develop that part of the country, I am sure they, too, will favour any possible help that can be given so that we may develop the maritime provinces as a strong entity, which will cling to us.

If we do not do that, who will rise in his place in this house and blame or criticize those in the maritime provinces if, after mature consideration and the experience of half a century, they decide that perhaps at the time of confederation they were not too wise in their decision to remain with us? That is what worries me when I think of the years that lie ahead. Within the confines of those three provinces is a great opportunity for the development of natural resources, including those they can dig out of the top six inches of soil and what they can garner from the seas surrounding them. But in addition there are the intellectual resources, those qualities of body and soul which those progenitors have passed on to their sons and daughters, which we need if we are to make of Canada a country of which we may be really proud.

I do not know whether I have made clear the idea in the back of my mind. Perhaps in days gone by we have not been too fair with that far-flung part of our dominion. If that is the case here is an opportunity to do at least something to help the maritimes; and I think it is a great chance.

I should like to put on record something which may stimulate the ideas of one hon. member who seems to think he is the sole representative in this house, and on every committee which functions here, capable of expressing the ideas which permeate the people of that part of the country. The hon. member for Halifax, whom I have had paged half a dozen times in the last ten minutes, has not as yet arrived in the chamber. I am referring to the hon. gentleman who until recently was the junior member for Halifax, who likes to think he represents everything worthwhile in the maritimes. I say to him that if he would try to strike a sympathetic and co-operative chord in the minds of hon. members coming from Ontario and Quebec he would be doing greater service to his constituents and to the maritime provinces in general. He should approach us with the feeling that we are with him to a man, because we know what the maritime provinces have done for Canada, instead of in an attitude which to my mind might be considered cynical, for lack of a better word. If he would cease telling us that we moved the head offices of his banks from the maritimes up to Montreal or Toronto or some other place he might get along better. We did not do that.

We love, admire and respect the Macdonalds, the Mackintoshes and all those people down there, the sons and daughters of those

who came over on the steamer *Hector,* the sons and daughters of the highlanders who fought on the plains of Abraham in years gone by, most of whom came from the maritime provinces. We in central Canada have not forgotten the great contribution the maritime provinces made to this country, and the idea we have is to nurture and help them now.

Therefore, coming from Ontario, I support this legislation. I say to the senior hon. member for Halifax, who mentioned the French Canadians, the Acadians and what not: Voulez-vous, s'il vous plait, entrer dans la salle de la chambre des communes et poser votre derrière sur une chaise, and say something worthwhile on behalf of the maritime provinces. You will get the support not only of those who come from Toronto, the city of the good, but of all those representing Ontario as well as my colleagues in the province of Quebec and those from the west. I say to all my colleagues: Support the maritime provinces. Hold the maritime provinces. A few miserable dollars do not matter. Therefore it is a great pleasure for me to support the legislation now brought down by the Minister of Agriculture in this connection.

Mr. ZAPLITNY: I wish to say only a brief word in support of the resolution and to say also that I am sure we appreciate the sentiments of the hon. member who has just taken his seat. The ancestors of several of my colleagues in this group were from the maritime provinces, and I find them to be industrious and worthy members of the House of Commons.

As one who comes from that part of Manitoba which has suffered from flood conditions, may I say I sympathize with the conditions described by the hon. member for Fraser Valley. I hope the government will continue to do everything possible to look after that immediate situation.

I am inclined to agree with the statement of the hon. member for Souris that it might be necessary and desirable to extend the Prairies Farm Rehabilitation Act so that it would apply to all parts of Canada. That would be a step toward solving the recurring arguments and disputes about jurisdiction, because we would then have one piece of legislation applicable to all parts of Canada, and the matter of jurisdiction would no longer come up.

Recently in Manitoba we suffered severe damage from flooding. In at least two instances the dominion government has a definite share of the responsibility. However I shall not discuss the matter now. There will be an opportunity on another occasion. But if the Prairie Farm Rehabilitation Act were revised so as to make it applicable to all parts of Canada I believe we would save ourselves a great deal of time in disputing just where the federal government should take over.

I would leave one further thought in connection with the reclamation of land. Now that immigration is again on the increase, it is particularly important that we look toward possibilities of reclaiming land, whether it be in the east, the west or any other part of Canada, where it is possible. Although this is a large country in area, unfortunately much of the land is not arable. There is a certain amount of submarginal and marginal land which, with the application of certain public works and reclamation projects could be brought under cultivation.

If the Minister of Agriculture is to make good his dream of 15,000,000 people in the prairie provinces, and if he is to find room for a portion of them on the land, I believe it will be necessary to carry out projects in other parts of Canada where land may be reclaimed and put into useful production.

As a member from one of the prairie provinces, I am happy to support the resolution, remembering well that in the years of drought and of other misfortunes the people from other parts of Canada came willingly to our assistance.

Mr. BLACKMORE: May I add my word of appreciation to the minister for having introduced this legislation. I believe it is fitting to put all Canadians behind the maritimers. This is a move in the right direction. As the hon. member for Davenport has said so well on many occasions, Canada as a whole must stand as a whole; all parts of Canada must be behind those in need, and each part must be interested in every other part, so that this magnificent heritage can be kept at its highest possible degree of value and passed on in that condition to the generations to come.

As the hon. member for Dauphin has just said, the reclamation of our soil is extremely important. I am not sure that up to now we have fully realized how precious and sacred our soil is. Anything that tends to destroy it in any part of Canada is a threat to Canada's strength, and must be resisted and overcome.

This brings me to the conditions in the Fraser valley already mentioned. I feel keenly sympathetic toward the people of the Fraser valley because of their great misfortune. It was only a short time ago that my area was in danger of flooding. I would urge upon the government that they take the dollar sign right out of this question of the Fraser valley flooding. In my view the Fraser valley must

be rescued, salvaged and rehabilitated at the earliest possible day, because it is an important part of Canada. The federal government must lead, in collaboration with British Columbia, to put all Canadians behind British Columbia in its time of distress.

If the minister has not already heard, I am sure he will be pleased to know that the St. Mary's river dam, in which he has been so deeply interested, and for the forwarding and building of which he has done so much, has now passed one great crisis. That grand tunnel which had to be constructed in order to divert the water to permit the building of the dam was completed on Saturday, May 22, according to the Lethbridge *Herald*. That means great rejoicing in my constituency and through southern Alberta. I personally rejoice and I wish to give the minister full credit for his share in this accomplishment.

This helps me to understand how glad members of the maritime provinces must be because of the measure now to be introduced. I wish to assure people from the maritimes that we Albertans and westerners are just as glad as they are.

Mr. PEARKES: Mr. Chairman, like other hon. members I am pleased to see the bill is being introduced to reclaim land from the ravages of the sea. I regret exceedingly, however, its limited aspects. It deals with the lands in three provinces, and three only. It is about time Canada realized that there are more than three provinces which may be claimed as being maritime provinces.

British Columbia is a maritime province. Manitoba borders on salt water. So does Ontario; and there will be opportunities in the future, if indeed they do not already exist, when land will have to be protected in all those provinces from the inroads of the sea.

It might not be desirable to include protection of prairie lands in the same bill as protection of marshlands against the sea; but I can tell the minister, who has recently returned from a trip to the Pacific coast, upon which occasion he made certain promises in various parts of British Columbia, that in my constituency there are lands which are spoiled by the inroads of the sea—not through any unusual circumstances, such as the very sad circumstances now being experienced in the Fraser valley, but from the day to day rising of the tide.

There was a few years ago a seawall or dike, if you wish so to describe it, protecting a certain valuable acreage just on the outside of Victoria. It was built not by the early pioneers, not by a benevolent imperial or benevolent French government, but by this government. And when one asks that that dike be continued or be completed for the few remaining feet yet required—and I refer to the locality known as Islandview Beach—we are told there is no money available for the reclamation or for the building of works to prevent the inroads of the sea.

I feel that this measure definitely falls short of much that might be required, in that it limits the ability to spend money for this particular type of work only to the Atlantic seaboard.

As is well known in the house, there has been a tremendous influx of people to the southern part of British Columbia. They need food and any food that can be raised is adjacent to a market. Difficulties have been enhanced recently by the increased freight rates on commodities such as potatoes and other vegetables which must be shipped in. I should like to see the provisions of this legislation extended so that dikes required for the protection of lands on the Pacific coast may also be built. If they cannot be constructed under the bill to be brought in, then I hope the Department of Public Works will complete the dikes which it started, thereby making acreage available for the growing of potatoes and vegetables urgently needed on the coast of British Columbia.

Mr. ASHBY: Mr. Chairman, I received a letter from home some time ago telling of the tremendous amount of soil that was being carried down the creeks and rivers of Alberta, apparently going into Hudson bay to be deposited so that perhaps some future generations may reclaim it. When this resolution was brought forward here I thought what a shame it was to permit our soils in the western provinces to be lost by erosion, wind and so on and then have to try to reclaim them somewhere else.

Dikes were built in Nova Scotia when the first settlers arrived from France and they are still holding back the sea, while those that have been built since have broken down. Orchards have been flooded, fields ruined and at odd times people have actually been forced to abandon their farms. I know I have harped on this subject many times, but here is a solution of the problem which was offered by a man in 1821. He said:

> It appears impossible that the land owners should much longer submit to these intolerable burdens on their estates. They must get off these taxes or lose their estates, they must do a great deal more than that indeed, but that they must do at any rate.

I doubt if any finer soil can be found than is the fine silt deposited in these salt marshes.

If this land is reclaimed it will last for hundreds and hundreds of years without any fertilizers. Speaking of fertilizers, by the way, I never use commercial fertilizers on my farm. The use of commercial fertilizers constitutes one of the greatest hazards that agriculture has to face today. Natural fertilizers preserve the soil. You may not get as good crops if you turn the straw back into the land, but—

The DEPUTY CHAIRMAN: Order. I would ask the hon. member to be kind enough to deal with the resolution which is to assist Nova Scotia, New Brunswick and Prince Edward Island in the reclamation and development of marshlands.

Mr. ASHBY: I realize that there has been a lot of talk this afternoon outside the resolution. I simply wanted to point out the value of this soil where no commercial fertilizer will be required for hundreds and hundreds of years. It is well worth reclaiming and I am not objecting to the legislation for one moment.

We should use the experience that is already available in the individuals who have inhabited and made use of this area. They are not individuals who have been trained in our schools, colleges or universities, but they know how to build dikes. As I said before, hundreds of years ago dikes were built by individuals who had never received training in any institution and those dikes are still in existence, whereas those built in modern times have broken down.

The solution is to remove taxes from these people who do not create money but who actually create valuable assets. That should be done as a reward for rendering this service. However, they are being penalized the very money they require to maintain these dikes and reclaim the additional land. Remove that hindrance from them and there will be no need of the government going near the people to construct dikes of any kind.

Resolution reported, read the second time and concurred in. Mr. Gardiner thereupon moved for leave to introduce Bill No. 328, respecting the reclamation and development of marshlands in Nova Scotia, New Brunswick and Prince Edward Island.

Motion agreed to and bill read the first time.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Experimental farms service—

15. Branch farms and stations and illustration stations, $3,372,320.

Mr. HLYNKA: The other day I inquired whether the Department of Agriculture made any grants to farmers who were operating illustration stations at their own expense, and the minister replied that the department pays a small rental to farmers who own and operate illustration stations of from fifteen acres up. I should like a little more information on that, since there are several farmers in my constituency who operate illustration stations. They have been able to build them up but now find it difficult to maintain them and to obtain sufficient help who would explain the results to visitors.

There is one farmer in particular in my constituency, William Zazula, of Willingdon, who has one of the finest orchards I have seen. He wrote the department asking if anything could be done to help him in the matter of expenses, in order that he could pay the hired help required to look after visitors. Thousands of people from all over Canada and the United States visit this particular farm. It is only six acres in extent, but in addition he has several acres of flowers of various kinds. Could something be done to help him? Could the Department of Agriculture, for instance, not make a grant after they have assessed the value of the station to the community, and this is more than a community affair? I think the department should encourage such illustration stations in western Canada.

I have on my file a letter written by the deputy minister of agriculture to the gentleman of whom I spoke, and in that letter the deputy minister says that, so far as the western provinces are concerned, the department had no appropriation for such assistance. Why limit such assistance to any part of Canada? I think such assistance should be given equally in all parts, particularly in the west, where the pioneers in this field are rendering a great service to this country in experimenting with various types of fruits and vegetables, grasses and so forth. I would ask the minister to consult with his officials to see whether any assistance can be given in this case. I would appreciate it if the minister would indicate how one should proceed in order to get such assistance.

Right Hon. J. G. GARDINER (Minister of Agriculture): We do, of course, negotiate with each individual who is going to establish an illustration station and enter into an arrangement with him as to what the payment is to be. Payments are usually made on the basis of so much per acre, by rental, and the operator gets the produce of the land and sells it for his own benefit. It is an arrangement entered into with the individual who operates the station. Of course we endeavour to have

a uniform basis, taking into consideration the different conditions, the number of acres, and so on.

Mr. HLYNKA: Whom would this farmer have to get in touch with? Would he have to apply to the branch of the department in Edmonton or write to Ottawa?

Mr. GARDINER: If he wrote to Ottawa we would put him in touch with the proper party. There is a supervisor of illustration stations at Lacombe, who draws a salary, I notice, of $2,580, whose job it is to supervise the stations in that area. There is an organization right across the country, but the nearest supervisor to the farmer my hon. friend mentioned would be the one at Lacombe.

Item agreed to.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

BELL TELEPHONE COMPANY OF CANADA

On the order:

Third reading of Bill No. 8 (letter C of the Senate), intituled: "An act respecting The Bell Telephone Company of Canada."—Mr. Rinfret.

Mr. DEPUTY SPEAKER: Mr. Rinfret moves that Bill No. 8 be now read the third time. Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: Carried.

Mr. KNOWLES: On division.

Mr. HARRIS (Danforth): Mr. Speaker, the hon. member for Broadview was on his feet.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I shall occupy but a very few minutes of the time of the house. I simply wish to draw attention to one thing about this bill, and that is that those who oppose it have had no opportunity in the public press of the country to have the case put before the people. I bring to your attention, Mr. Speaker, the statement that appears in one report, that Mr. Church said the utility should be made a part of the Post Office Department. I never used that phrase. I was referring to 1928 when the capital sought was $75,000,000, and at that time I thought it was a good opportunity for our province to take over the system. But that was twenty years ago, in 1928, and I gave my reasons for opposing the bill both in the house and on many other occasions. I am not one of those who change their vote, who go uphill politically one day and downhill the next day, those who are on again, off again and on again. When I take a stand I maintain it.

Mr. SPEAKER: Shall the motion carry?

Mr. KNOWLES: On division.

The CLERK: Third reading of this bill; troisième lecture de ce bill.

Mr. SPEAKER: Mr. Rinfret moves that this bill do now pass and that the title be as on the order paper.

Mr. J. H. HARRIS (Danforth): Mr. Speaker—

Some hon. MEMBERS: Carried.

Mr. HARRIS (Danforth): I have been three times on my feet, Mr. Speaker. On the third reading of the bill I should like to make one or two observations. Many of us are public ownership minded and at the same time we are private enterprise individuals. I do not see anything contradictory in those two positions. Public ownership has done a great deal not only for the province of Ontario but for the dominion and I am in favour of it. At the same time, I am one of those who admire and respect individuals who exercise private enterprise, initiative and industry.

My objection to this particular bill is this. This company went ahead from $75 million to $100 million odd, and then they stepped aside at a time when Canada had to finance a war effort. For that I pay them homage and respect. But when they suddenly jump from $150 million to $500 million, that is rather too much. I would have been happier to see them take two bites at the cherry, moving along in an orderly sort of way, so that generations to come could look back and say that they had made steady progress. This sudden jump from $150 million to $500 million is too great to ask of the Canadian people, and in the same sentence may I say that it savours of taking advantage of the investing public, the Canadian people.

The Canadian people during the war subscribed to victory loans and what not and received a substantial return for their money, and now that it is no longer necessary to raise victory loans the Bell Telephone Company find a good open market from those who must of necessity invest funds, namely, life insurance companies and other companies, followed by many private individuals who have to invest some of their funds so that they will not remain dormant.

Fortunately perhaps for the Bell Telephone Company, they struck a period in Canada's history when interest rates were low. Whether or not they should be privileged, by those of us who are charged with the responsibility of administering Canada's affairs, to step into the money market with very low interest rates, is a matter of concern to the Canadian people. Perhaps I should compliment them on being smart enough to do that. At the same time I think of many persons in Canada who are imbued with the idea of public ownership of public utilities, and they are perhaps distressed to see a great public utility enterprise walking into the market and picking up low interest rate moneys to further their own great enterprise.

I do not for a moment detract from the greatness of the telephone enterprise. They are doing a wonderful job on behalf of Canada, setting an example perhaps for the entire world, since we have more telephones per capita in Canada than any other nation. We are highly privileged to be in Canada and to enjoy this convenience; but let us be honest with the public whom we represent here and say to them: Yes; this great enterprise has entered the low money market and taken full advantage of it—too great an advantage of it. They should have crawled a little before starting to gallop. They should have moved up to double what they had before; but when they treble that sum, some of us in this house who are private enterprise men, men who are anxious that our fellowmen should receive the rewards that are due them for their enterprise, initiative and industry, cannot stand by and allow the people to be trampled by big interests. And this savours of big interests.

This bill will pass with reservations on the part of many of us who are convinced that we are not a people who will tamper with public industries that are in need for the benefit of a few. This is a great and necessary public utility; it is expanding, and we want it to expand. There are half a million telephones required and they will make life much easier for our people and raise our standard of living. We appreciate that. At the same time I want hon. members to know that some of us who, so far as private enterprise is concerned, may be called 100 per centers, are convinced that private enterprise, with its initiative and industry, is the best thing that Canada can have, not only in our generation but for many generations to come.

Do not think, Mr. Speaker, that we divorce ourselves from the interests of the ordinary individual and give carte blanche to what the man in the street may call big interests. We do not want big interests. In fact, "big interests" is a misnomer. I have been privileged to be part and parcel of private enterprise having the objective of improving conditions in Canada and not profiting at all therefrom. While we are privileged to be in a category which handles funds and helps the industry of Canada, at the same time we are thinking of what our duty is to our fellowman in the street. I decry the matter of this increase in capitalization. I am sorry that this organization saw fit to gallop before it started to walk, and to jump away up into this high category. I feel disposed to charge it with taking advantage of a situation which developed through no fault of its own, of this house, or of anyone whatsoever, but as a result of a set of conditions in which you, Mr. Speaker, I, and the rest of the hon. members in this chamber did everything in our power to encourage investment in war loans.

The war is now over. That war bond field is gone. But a great public utility comes in and gets that field while that money is around. That is all right. It is perhaps better that it should be this company rather than some great private enterprise; because in the final analysis, what it is planning to do in its developments will, to my mind, be for the general advantage of Canada; I hope and pray that it will be. Being for the general advantage of Canada, I am ready and willing to sit down and say nothing more about it.

At the same time, on the third reading of this bill, I did not think it should be allowed to pass without some of us who are interested in private enterprise and the development of our great institutions in Canada, criticizing those charged with the responsibility of conducting the affairs of this great enterprise for being just a little bit too hungry at this time, and for being just a little bit too anxious at this time to take advantage of a condition which was not of their own making but which developed on account of a world war tragedy which you, Mr. Speaker, and I have sat in this chamber and studied and talked about during the last decade. They are taking advantage of that world tragedy, in my opinion, to get a maximum of cheap money from the investing public of the Dominion of Canada for the furthering of their enterprise.

I thank God that their enterprise is an enterprise of public utility. If it had not been that, it would have been my privilege to have fought tooth and nail against this legislation from the very inception of it, even though in the same sentence I say to you that I am a private enterprise man. I feel that way about it, never for a moment setting aside in

my own mind the fact that, being a private enterprise man, I am also one of those who believe that public utilities for the general welfare of our fellowman are something that should receive the support of all of us, but at the same time all of us should be left free to develop private enterprise, initiative and industry as it moves forward, as it is bred in the heart and soul of the average Canadian to do, and as you and I like to do.

As to public ownership across the board, I say "No"; but as to public ownership for the great and necessary public utility enterprises, I say "Of course." Let us have private enterprise for all the possible enterprises there are in this great country of natural resources; and fortunately for you and me, and for our fellow Canadians, there are thousands of them, perhaps scores of thousands of them, ready and waiting for the hand of your sons and mine to develop in this great country of ours.

I will close by saying this. I am sorry that this great public utility enterprise saw fit to grab off from the Canadian economy this tremendous sum of money when perhaps two or three bites of the same cherry might, in the course of a decade, accomplish the same purpose.

Mr. A. M. NICHOLSON (Mackenzie): I had not planned, Mr. Speaker, on speaking further at length on this legislation.

An hon. MEMBER: Why do so?

Mr. NICHOLSON: But having objected to the granting of third reading last week, I am happy that this opportunity was given for the hon. member for Danforth (Mr. Harris) to voice his objections to the passage of this legislation.

Our position has been clearly presented in previous sittings, but I think one final word should be said to express the hope that the company will not wait until they require an extra billion or billion and a half dollars before again coming to parliament. I think it would be in the best interests of this important utility if, should the need develop, the requirements were placed before parliament periodically; and if a satisfactory explanation can be given for the plans for development, I am sure that parliament will grant reasonable concessions without such prolonged debate. I wish to speak on behalf of our group, expressing our continued resistance to the passage of legislation of this type.

The ACTING SPEAKER (Mr. Golding): Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: On division.

Mr. CHURCH: How can they pay eight per cent? It means an increase in rates almost immediately.

Motion agreed to on division and bill read the third time.

The ACTING SPEAKER (Mr. Golding): Mr. Rinfret moves that this bill do now pass and that the title be as on the order paper. Is it the pleasure of the house to adopt the motion?

Mr. KNOWLES: On division.

Mr. CHURCH: On division. I am for 100 per cent increase.

Motion agreed to on division.

THIRD READING

Bill No. 205, respecting the Canadian Marconi Company—Mr. Whitman.

CANADIAN SLOVAK BENEFIT SOCIETY

Mr. D. F. BROWN (Essex West) moved the second reading of Bill No. 210, respecting Canadian Slovak Benefit Society.

The ACTING SPEAKER (Mr. Golding): Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: On division.

Motion agreed to on division and bill read the second time.

Mr. BROWN: May this bill be now referred to the committee?

The ACTING SPEAKER (Mr. Golding): Mr. Brown moves, seconded by Mr. Whitman, that this bill be now referred to the banking and commerce committee.

Mr. BROWN: No, Mr. Speaker; I do not believe it is properly referable to the banking and commerce committee. It is not for the incorporation of a company.

Mr. KNOWLES: It should be to the miscellaneous private bills committee.

Mr. BROWN: It is only for the consent of the house for an extension of time. I do not think it is properly referable to the miscellaneous private bills committee either.

The ACTING SPEAKER (Mr. Golding): Mr. Brown moves, seconded by Mr. Whitman, that this bill be now referred to the committee of the whole. Is it the pleasure of the house to adopt the motion?

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

Sections 1 and 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CANADIAN CO-OPERATIVE PROCESSORS LIMITED

Mr. RALPH MAYBANK (Winnipeg South Centre) moved the second reading of Bill No. 212, to incorporate Canadian Co-operative Processors Limited.

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

On section 1—Incorporation.

Mr. CHURCH: Would the mover explain the bill? This is the first time I have seen it.

Mr. MAYBANK: The purpose of the bill is to incorporate this co-operative organization, which has been operating for some time under a Saskatchewan incorporation, whether by private bill of the Saskatchewan legislature or by letters patent I am not sure, but I think under letters patent. They have found they cannot carry on business satisfactorily in the different provinces any longer under that form of charter, so they are seeking here the same powers they have enjoyed in their own province, at any rate, up to the present time.

Mr. HARRIS (Danforth): We are seeing this bill for the first time. What is it about?

Mr. MAYBANK: It is to incorporate a co-operative society which has existed in Saskatchewan for some time and now seeks incorporation by dominion charter because it has been found impracticable to carry on as heretofore. That is all there is to it.

Mr. HARRIS (Danforth): I see the incorporators are George Chester Stewart, rancher; Cornelius Jahnke, rancher; Robert Thomas, farmer; Charles Horatio Powlett, rancher and farmer; and that this is to be a body corporate and politic under the name of Canadian Co-operative Processors Limited. This is to be a million-dollar company, but I presume that is not the money of these individuals. I am not quite sure whether it is the money of the province of Saskatchewan, though from what I see in the press from day to day it may be that they are playing around with the money of the province rather than with their own money. However I do not think it is either; I believe it must come from some other group, so that perhaps the sponsor will tell us whence the million dollars will come and to whom the interest will be paid in the final analysis.

[The Acting Speaker.]

Mr. MAYBANK: I did not quite understand what the hon. gentleman desired when he asked for an explanation. It is true that this appears to be an ordinary share of capital proposition, but as hon. members will see further along in the bill it is not an ordinary joint stock company that is being organized. The shares of $1 each will be subscribed as any other shares are subscribed, it is true, but I believe the money will come from various people who deal with the organization. They do not, however, pay money dividends but dividends upon patronage; and the whole set-up is of a co-operative nature.

Mr. HARRIS (Danforth): As I say, this is the first time I have seen the bill; perhaps that is my fault. The shares are listed at $1 each; and among other things the company is being formed to purchase or acquire the undertaking carried on by the Horse Co-operative Marketing Association Limited. In the first place, shares at $1 each will not pay for the horses. Then the company is to carry on "the business of producing, collecting, buying, receiving, handling, feeding, slaughtering, processing, transporting, grading, selling, marketing, dealing in, with or without taking title thereto, livestock and livestock products."

This has reference particularly to the handling of horses. From my experience of some thirty or forty years, I should say that today some money may be made in the handling of horses for slaughter, for human consumption. Perhaps thirty thousand of them have gone through hands for which I was responsible during the last three decades, and today I believe some real dividends or returns might be made on an investment of a million dollars. That condition will not last long, however, because I believe the day of the horse is past. In the west I understand that horses are being slaughtered at the rate of two or three hundred a day, and soon they will be all gone. For the benefit of those who may be asked to invest in this company, I say that today, and for perhaps another year or two, your money will return dividends; but these horses are going to be shot, processed for human consumption and shipped to Europe.

Not long ago I think the hon. member for Swift Current brought us a sample of this horsemeat, to look at or eat if we felt so disposed. I can tell the hon. gentleman that as far back as 1932 I had the pleasure of eating horsemeat in Rotterdam, Holland, so that in common with a few other hon. members I may know something about it. I can remember in my younger days that in one short year I shot ten thousand horses and turned them into pickled beef, the sort of meat that was served at a banquet in Swift Current

not many moons ago. You enjoyed it, too; it was good food. It is good food for our friends in Europe who today are starving. So I say more power to you in the development of this co-operative organization incorporated under this bill. It would be a great thing for Canada to get rid of those horses, which are eating the grass off our cattle ranges. Then we could put cattle in their place.

But that is not my purpose in rising this evening. Just now we are ready for the harvest in making real money out of the slaughter of horses, and for several reasons. First, the people of Europe are hungry. The people of Europe are anxious for beef, meat and food. The people of Europe enjoy eating horsemeat.

As a matter of fact, I remember being in Holland in 1932. The first course we had at our meal was cheese and crackers. Then we had lemon pie; and the last and best course was horsemeat. I had that in Amsterdam. It was served as the last and perhaps the best of the three courses served in a full-course meal.

It is to the general advantage of Canada to get rid of these horses. Perhaps I might take a minute more of the time of the committee, and in doing so I shall make sure that my hon. friend has an opportunity to have his bill passed before the hour expires. In the old days, back in 1925, 1926 or 1927 we let horses run off the range, right up to the far north as far as the Thompson river, and Kamloops. We chased them all down through the foothills of the Rockies and across the border to the state of Montana, I believe it was. Swartz Brothers had planned the slaughtering of 10,000 horses a year south of the border; and these horses traversed the border free of charge. This firm, in turn, slaughtered them and manufactured them into edible horse beef which, in turn, was shipped to Holland. Holland was the central point for the market. Holland sent the horse beef into Belgium and into Germany at prices f.o.b. Rotterdam which were at least ten to twenty per cent higher than prices existing in Rotterdam for ordinary cow beef. In other words, horse beef sold at a premium on the European market over cow beef.

Part of the reason for the premium was this, that quarters of horse beef properly cured and properly taken care of by those who know how to handle horsemeat, and who handle it in a manner similar to that in which we handle moose meat, were placed on the market. Instead of cutting a cross-section of the meat, as you do with beef cattle, you follow down the seam and pull out eight or nine-pound chunks of horsemeat covered by muscular film which encloses those eight or nine pounds, leaving that muscular film around those eight or nine pounds, and then pickling, curing and packing it, and shipping it to Europe where, in turn, it is smoked in large warehouses in Rotterdam and Amsterdam. You leave that muscular membrane around the eight or nine pounds of shoulder, ham or some other part of the horsemeat, and you find—

The DEPUTY CHAIRMAN: Order.

Mr. HARRIS (Danforth): I shall have finished in a minute.

The DEPUTY CHAIRMAN: We are now discussing section 1 of the bill, which deals with incorporation.

Mr. HARRIS (Danforth): I bow to your ruling, Mr. Chairman, and I shall stick religiously to section 1. Before section 1 is the preamble, which prays that this petition be granted. It is a petition pertaining to the persons hereinafter mentioned, and I am referring to those persons hereinafter mentioned. And the persons to whom I am referring are those who are incorporating. These are the persons, sir, who have the great idea that not only will this be for the well-being of the people of Canada, but that it will be for the greater advantage of Canada.

Let me say to the persons who are mentioned in the preamble and in section 1 that I am referring to the product in question, prepared as I have tried to illustrate in what I have said thus far. I bow to your ruling, Mr. Chairman, realizing that I cannot go much farther in discussing that phase of the matter.

Let me add this one sentence, however, that I have seen in scores of farmers' back kitchens in Holland, Belgium and Germany four, five, six, seven, eight or nine-pound chunks of horsemeat, smoked, hanging in those back kitchens. And when the labourer, the breadwinner, went out to work he would have a loaf of rye bread under his arm, and his dear wife would pull down these eight or nine-pound smoked hams.

Probably they were from Canada, but they were shipped from the United States. She would cut off two or three slices; and with those two or three slices, along with that loaf of rye bread, he would go out and work for twelve hours. That is the man who, in the final analysis, will be affected here. These are the men who are praying for this petition in the preamble and in section 1 of the bill. But I wish to warn the committee that the supply of horsemeat in not inexhaustible. The day will come when there will not be as many of these horses available. And I want to warn the committee that that day may be already here, when those who consume this product, in connection with this million-dollar investment, will not want to buy from Canada; and

this, for a very simple reason I should like to state in two or three sentences, namely, that they remember that in 1932 the empire trade pacts were passed, at which time Canada took away from the people in Holland and in Belgium what is commonly known as the pig market, or the meat market adjacent to them in London. At that time the market was given to us in Canada.

Therefore they in turn will buy their horsemeat, and the products I have mentioned, from the United States, in preference to buying it from Canada. That is why the condition is such today, and has been ever since the empire trade agreements.

The petitioners in the preamble to this bill may have great ideas about how much money they will make out of this million-dollar investment—from a province, by the way, which I did not think was asking for outside investments. I think it is our duty to warn them that in the days to come they might not make as much profit out of this venture as they might be making now, when there is a shortage of foodstuffs throughout the world.

Mr. JACKMAN: I suggest, Mr. Chairman, that the sponsor of the bill might have made some explanatory remarks when he was introducing it. I should like to know a little more about it before it passes. Perhaps the questions which have come to my mind as I have read it over for the first time might be easily answered; but I think the sponsor should say a few words about it.

May I ask him why a joint stock company will not suffice for this particular form of organization, and why they have asked for a special act of parliament.

Secondly, I would ask him why the present charter, which I presume is a provincial one, is not adequate for the purposes of this particular organization.

Thirdly, I suggest that either this committee of the whole or some committee to which the bill should be referred ought to go into the matter of how this company is being taxed or is allowed to be free of taxation; because in recent years this particular business which the company carries on has grown to a substantial size.

I shall not discuss the sections of the bill individually, but I would point out that they contain peculiar powers; and I should—

The DEPUTY CHAIRMAN: We are now discussing section 1.

Mr. JACKMAN: Yes, incorporation. I should like to ask if this bill was before the committee of banking and commerce of the other hon. house.

[Mr. Harris (Danforth).]

The DEPUTY CHAIRMAN: If the hon. member had been in the house a few minutes ago he would have heard the bill referred to the committee of the whole. It was referred to this committee, and we are now dealing with section 1.

Mr. JACKMAN: I would still ask the sponsor of the bill to give us an outline of the reasons why they seek incorporation under a special act of parliament.

Mr. MAYBANK: If I understand the questions, the first one was this: Why will not a joint company charter under the ordinary laws of Manitoba or perhaps under the laws of Canada or those of the Secretary of State suffice for what is desired here? The answer is that these statutes do not provide for co-operative concerns of the sort this company is. That has been gone into carefully by competent legal authorities and they have concluded that the legislation simply is not there for them.

Mr. JACKMAN: May I ask—

Mr. MAYBANK: May I just answer the second question, and then the hon. member can go on with the eighth, ninth and tenth? As I recall the second question, the hon. member wanted to know why Saskatchewan incorporation was not sufficient. Had this co-operative organization been carrying on business only in Saskatchewan, then a Saskatchewan incorporation would have been sufficient because they have a statute in Saskatchewan which permits the setting up of this type of organization.

They have been running into some difficulty with regard to doing business in Alberta, to which province they expanded some years ago. They are doing quite a bit of business there. Alberta has been co-operating with them and allowing them to carry on, but that province is doubtful whether its laws permit the registration of an organization of this kind built up under the Saskatchewan statute to which I referred. Similarly, they have been experiencing questions in this respect in Manitoba, although the amount of business there has been relatively small. For these and other similar reasons they have concluded that the only way in which they can carry on in all the provinces is to obtain dominion incorporation.

The question of taxation has been raised, and the answer simply is that, whatever are the laws with respect to co-operative organizations, this organization will be under those laws. If there is no taxation of co-operatives, they will not be taxed; if there is, they will be

taxed. If they come within the class of those who do pay a tax, then of course the tax will be paid just the same as by any other co-operative.

I can quite understand hon. gentlemen who do not like co-operatives endeavouring to prevent incorporation of them, and I am not referring especially to my hon. friend who has just spoken. I say that can be understood, but surely we in this parliament, when dealing with an organization which is a co-operative—

Mr. HARRIS (Danforth): The hon. member is imputing a motive to hon. members of this house.

Mr. MAYBANK: I made no reference to the hon. member for Danforth.

Mr. HARRIS (Danforth): I ask for a ruling on my point of order. Will you give me a ruling on my point of order, Mr. Chairman? My hon. friend is imputing motives to other hon. members of this house by saying that other hon. members may be opposed to co-operatives.

Mr. MAYBANK: I did not say that at all; I did not impute motives to any hon. member of this house. I said it could be understood that persons who did not like co-operatives would not like to see them incorporated. There was no reference, for example—

Mr. HARRIS (Danforth): I would like the hon. member to state who those persons are so that any imputation of motive may be withdrawn from any hon. member.

Mr. MAYBANK: Let us clear it up. If there has been any imputation of motives contrary to the rules of the house of which I am guilty, I withdraw the alleged imputation but I deny the allegation.

On the whole, the co-operative organizations which have been springing up all over the country are a good thing for the Dominion of Canada. While I do not go as far as some who say that it would be well if all business were conducted in that way, I think this House of Commons will take the position that it is desirable to give leave to operators to operate and to help them in every way possible. There may be differences of opinion as to just what is the best way of doing it, but I am sure that it will be considered the best part of wisdom to encourage co-operatives and not to refuse or delay charters to such organizations.

The DEPUTY CHAIRMAN: If hon. members will read the clause under discussion—

Some hon. MEMBERS: Carried.

Mr. JACKMAN: The hon. member has told us why this particular organization could not seek incorporation in one of the western provinces; but why could it not seek incorporation under the ordinary law of the Dominion of Canada? How is it that the ordinary co-operative is able to function without a special act of parliament?

Mr. MAYBANK: The answer is that the matter has been taken up with the Secretary of State and there is no dominion law under which this sort of incorporation could be had, or of co-operatives generally.

Mr. JACKMAN: May I ask if every co-operative has to have a special act of parliament to be brought into being?

Mr. MAYBANK: I cannot answer that, because the hon. member is taking in too much territory.

Mr. JACKMAN: The hon. member seems to indicate that this company cannot do it; therefore no other company can seek incorporation under the ordinary law. The only deduction to be drawn, with which you must agree, is that every co-operative must have a special act of parliament.

Mr. MAYBANK: Could be.

Mr. JACKMAN: I think someone should answer that.

Mr. BENTLEY: That question can be answered. Until there is a dominion co-operative act, any co-operative association that desires to operate throughout the dominion will have to get an act through this house.

Section agreed to.

Section 2 agreed to.

On section 3—Capital.

Mr. HARRIS (Danforth): Perhaps the sponsor of this bill, or even better the hon. member for Swift Current, can tell me about this section 3, which reads:

> The capital stock of the company shall be one million dollars of common stock divided into one million shares of one dollar each.

Can the hon. member tell me if any of that stock has been subscribed up to the moment, and by whom? Where is it proposed to get this stock? Where do they propose to get $1,000,000 and why do they want $1,000,000?

Mr. MAYBANK: If I understood the questions correctly, the first one was whether any part of this million dollars has been subscribed. I presume not. I do not see how they could subscribe to a not yet existent

organization. I do not know whether that was the question asked, but if it was that would be the answer I would give. Sometimes the hon. member speaks clearly and stentoriously and it is a pleasure to listen to him, but at other times his voice is very low and one does not always hear him.

I think another question was where the $1,000,000 was to come from. It is to come from those who subscribe it; that is all.

I think the other question was why they wanted $1,000,000. I suppose the answer to that is that a company would make arrangements for capitalization up to a certain amount; but, as we all know, they do not have to have it all subscribed before they can do business. As I recall, ten per cent must be put up in cash. They would be governed by the usual laws of Saskatchewan, Manitoba, British Columbia or any other province, the usual public utility laws governing stock subscriptions.

Mr. HARRIS (Danforth): My hon. friend is having some difficulty with regard to the scale through which my quiet words range. I will raise it to a little higher pitch and I hope he hears what I am trying to say. Perhaps if I go more slowly he will be able to absorb the questions which I am trying to ask. What is the use of my hon. friend rising in his place and saying that there is no particular investment here?

Mr. MAYBANK: I did not say that.

Mr. HARRIS (Danforth): I ask my hon. friend the member for Swift Current to be a witness when I say there is a substantial investment in this same enterprise in Swift Current which is being extended to Edmonton and Alberta. I know whereof I speak because I have been privileged to sign some cheques for their by-products. There must be a substantial investment in this enterprise, and for the sponsor of the bill to intimate to the hon. member for Swift Current or even to the disinterested hon. member for Danforth that there is no substantial investment there, and that this is something new for which they are asking $1,000,000 is all eyewash.

Mr. MAYBANK: Mr. Chairman, I rise to a point of order. The statements my hon. friend are attributing to me are entirely incorrect. I did not state the sort of thing he is declaring I stated. He is just in error. I made no such statement.

Mr. HARRIS (Danforth): Mr. Chairman, I am in the same position as my hon. friend who has just taken his seat; I did not hear what he said. I reiterate the statement I made a moment ago. The investment is not only there now to the tune of $90,000, but I know that forty or fifty carloads of by-products have been sold by this organization within the last twenty-four months. Of that I do not complain. I say that is for the general advantage of Canada. But to leave the impression on this assembly that this is not a large and going concern, when it has been going for some twenty-four months or more—

Some hon. MEMBERS: Carried.

Mr. HARRIS (Danforth): It is not carried. I say, Mr. Chairman, that is giving a wrong impression to the committee.

Mr. WHITMAN: Hear, hear.

Mr. HARRIS (Danforth): With all due respect to my hon. friend, he does not know what he is thinking about, much less what he is talking about; and when you do not know what you are talking about, keep quiet. It so happens that I know and the hon. member for Swift Current knows the facts, and I would like to smoke out the hon. member for Swift Current. I will back him up on the great job that Swift Current and this organization are doing for the well-being of Canada. The hon. member for Swift Current probably knows a great deal more about this than the hon. gentleman who is sponsoring the bill, and I would like to smoke out the hon. member for Swift Current. I wish there was time for him to get up and tell the story, and if he does, I will correct him where he makes an error.

Do not be in a hurry, Mr. Chairman, because it is not my purpose to talk this bill out. My only purpose is that the members of this house shall be honest with themselves and vote honestly. The only question I am asking the sponsor of the bill is this: Who will have this million dollar share to play around with in the next decade. If people want to invest their money in this enterprise, that is their business; but those who are charged with representing the people of Canada, like the hon. member for Swift Current and myself, have the responsibility of being honest with the house.

When we look forward to what may happen in the next ten years and see some danger perhaps to the investment of this $1,000,000, shall we not rise in our places and say to our people: Be a bit careful. It is all right to make money today, but the mares may not be coming forward with colts in the same numbers as when you and I were young Maggie, and where are you going to get the dividends to pay on this $1,000,000? I hope the $1,000,000 comes from Saskatchewan to teach them something about co-operatives, and I hope it will teach the people of the rest of Canada to

be a little slow about venturing into a line of business which, in the course of the next ten years, may not pay dividends.

Section agreed to.

Section 4 agreed to.

On section 5—Objects.

Mr. JACKMAN: Paragraph (e) reads:

(e) purchase or redeem and re-issue shares of the company, provided that such purchase or redemption shall not reduce the number of shareholders to less than five; provided further, that the powers of purchase or redemption of shares shall not be exercised when the liabilities of the company exceed fifty per cent of the value of its assets.

What I want to be certain of, and others I am sure, is this. Why is this very peculiar power being asked for that the company shall not reduce the number of shareholders to less than five? Also, what would happen to the assets of the company if the business were wound up, as the hon. member for Danforth suggests might happen if there were no product for the company to work upon? I should be interested in having an answer.

Section stands.

Progress reported.

The ACTING SPEAKER (Mr. Golding): The hour for private bills having expired, the house will revert to the business before six o'clock.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Production services—Health of animals—

17. Administration of Animal Contagious Diseases Act, and Meat and Canned Foods Act, $2,611,508.

Mr. ROSS (St. Paul's): I am not criticizing this vote, because I know it is necessary, but I want to ask a question which has to do with the estimates generally and which is of importance to the people of Canada. I notice that the amount for temporary assistance is increased by something like $121,000. That may be necessary; I do not know. Would it not be possible for the Department of Agriculture to submit its monthly payroll to the bureau of statistics, showing the number of employees and the amounts paid for their services, so that the people of Canada would know whether economy was being exercised throughout the service? It would be a check on the spending of the government. As I say, there is an increase of $121,000 for temporary assistance. Yet the minister was able to get on with less than that during the war. So many of these items for temporary assistance throughout the service are increasing. Session after session I have asked for a return showing the number of employees in the government service and the wages paid monthly. We get them some time after. I wonder if the government has not some system of accounting so that it can keep up to date from month to month. Perhaps reports could come from the bureau of statistics so that the people would know what is going on.

Mr. GARDINER: The temporary employees in connection with this vote are largely the part-time veterinarians in the country who are checking cattle for tuberculosis. I think it will be admitted by all hon. members who have been following the discussions that it is the wish of most members of the committee that there should be more rather than fewer of these men. As a matter of fact, we are hiring all we can find and putting them on work that has to be done, and that necessitates higher payments in salaries and expense accounts.

Mr. ROSS (St. Paul's): That does not answer the question. I said I was not criticizing. I heard the debate in the house the other night when some hon. gentlemen who know all about this matter asked for more men. What I am asking is that there be a report not only from the minister's department but from all the departments, submitted once a month, showing the number of employees in the various services and also the amount of money paid by way of salaries and wages by the department. That would provide a check on expenditures. I think the public would like to know the numbers. We never hear this until the budget comes on. That is the only time we get the comparison from year to year. When one asks for such returns it usually takes two or three months to get the reply, and that does not seem right to me. With civil servants in the department, a report such as I speak of could be got right out, without trouble, by a well administered department. They ought to have some idea of the monthly payroll if they pay the bills. They must know how many people there are employed. That would provide a check on expenditures from time to time.

Mr. GARDINER: Of course, as the hon. member has intimated, there is a paylist every month and it shows the numbers. It can be taken off that. One of the difficulties in getting returns out in answer to questions is the difficulty I have experienced. A few days ago I brought down a return, which hon. members

will find in *Hansard,* stating the number of employees we have in the Department of Agriculture. It starts back in 1912 or thereabouts. There was a question as to how many we had that year, how many we had, say in 1915, in 1920, in 1930 and so on. Records were not kept in the same way back in 1912 as they are today, and it is difficult to bring down in a short time an answer which is comparable for the different years, though there is no difficulty in bringing it down to the end of last year or the last month for which the records have been made up. That can be done on short notice, and a statement of the kind that has been suggested is possible at the end of any month, as to what the paylist is.

Mr. ROSS (St. Paul's): I have these records going back for some time. I always ask for one every year to bring it up to date. But even so, it takes two or three months to get the return. I ask for a return and it takes two or three months to get it. It would be a good idea to have a return made once a month for all departments. It might come a month late, but it would not involve a great deal of work. You have the payrolls every month and the number of people employed during that month, and it would give some indication as to whether there was economy in the department or not. I am not criticizing the number of people the minister has employed as temporaries, because I do not know enough about the matter. Some members have been asking for more on account of certain tests, and I am not criticizing that, but I say that the public would like to have these statistics month by month.

Mr. HARRIS (Danforth): This vote covers all items under No. 17. I am not rising to express any particular criticism. Rather, I shall try to enunciate an idea which I think will be for the general advantage of Canada. This item for the administration of the Animal Contagious Diseases Act covers the feeding of swine with garbage, does it not? This covers matters relating to hog cholera?

Mr. GARDINER: Yes.

Mr. HARRIS (Danforth): Hog cholera in the areas surrounding our cities is, as the minister knows, a serious matter. Herds of from 100 to 1,000 are often wiped out in forty-eight hours or less. During the last thirty years the department has done a good job in the inspection of these feeding establishments. With hogs selling at present-day prices, these feeding establishments are a popular line of endeavour for some of our people to get into, particularly those who have returned from the last war. I know of three young men, a major, a sergeant and another returned man, who invested their entire savings during the war in a venture of this kind.

The department is doing a good job in the inspection of such premises, the owners of which undertake to feed refuse or garbage from the large centres of population, and I encourage them in this, but I would ask the minister to look up the records and put on *Hansard* the incidence of hog cholera in the suburban areas surrounding our large cities.

Naturally I am thinking more particularly of the city of Toronto; but I am also thinking of Ottawa, where there is a sizeable industry in the feeding of hogs on garbage collected in the city, and I am also thinking of Calgary. I wish the minister would be good enough to put on the record the incidence of hog cholera in Canada. We go along for four or five or six years with very little hog cholera, and suddenly it breaks out in the maritime provinces or western Canada or Ontario or western Ontario—out Chatham way and Windsor way —and these outbreaks will wipe out the entire investment of hog feeders in different parts of the country.

The feeding of hogs on garbage is for the general advantage of Canada, because the production of hogs by that means is of real magnitude in the output of hog products in the country. I would ask the minister to put on the record the figures in regard to hog cholera outbreaks during the last year, let us say, for the guidance of those who are investing money in the business of which I have spoken.

Mr. GARDINER: As my hon. friend knows, those who feed garbage are licensed. The number of licensed feeders across Canada is 579, and the approximate number of hogs fed is 52,750. Of course instructions go out for the cooking of the garbage; and I am informed that if they are carefully followed, and if the feeding lots or pens are kept in the condition required by the regulation and no outside contact is permitted, it is possible to avoid having hog cholera. It has been suggested that I put on the record what has happened in connection with it. How many years back would the hon. member like me to go?

Mr. HARRIS (Danforth): Just a couple.

Mr. GARDINER: For 1947 there has been none. There was one outbreak in 1946-47, and forty-four hogs were involved. That was in Ontario. In 1945-46 there was one outbreak in Nova Scotia with 184 hogs involved; there were two outbreaks in Ontario, with forty-four hogs involved. For the three or

four years prior to that, there was a great prevalence of hog cholera. The most difficult year was 1941-42 when there were three outbreaks in Nova Scotia, with 406 hogs involved. In New Brunswick there were three outbreaks, with 186 hogs involved. In Quebec there were nine outbreaks with 1,044 hogs involved. In Ontario, there were fifteen outbreaks with 6,437 hogs involved. In Manitoba there were eleven outbreaks, with 619 hogs involved. There has been none since 1942 in Quebec. There has been none in Saskatchewan since 1940. There has been none in New Brunswick since 1944-45, none in Nova Scotia in 1946 or 1947, and none at all in Canada last year.

Mr. HARRIS (Danforth): I want to thank the minister for the information he has given. I should like to makes one observation for the benefit of the record. During the last five or six years there has been a great advertising campaign carried on over every radio station to which one listened, with regard to using more soap and more detergents of one kind and another. For the benefit of the minister's department, I am asking it now to do some research work on the question I am about to raise.

In washing down the dishes, thousands of pounds of cleansers of one kind of another and thousands of pounds of soap and alkalis of one kind or another find their way into the garbage can and from the garbage can, after being properly handled, into the systems of these 50,000 hogs. In the days to come, in the next decade, those 50,000 hogs the minister told us about, which are being produced every year, will get more and more doses of alkalis and soaps. I am asking the department to study this problem, to do some research work and to give some advice to these 1,044 hog feeders across Canada in the handling of their garbage before they feed it to the hogs, so that Canada's economy may be implemented by the production of 50,000 hogs from this garbage.

Mr. GARDINER: We shall be pleased to have that matter looked into.

Mr. HLYNKA: In view of the shortage of veterinarians in Canada, what possibilities are there for the utilization of the services of veterinary surgeons who recently arrived in Canada as displaced persons? I understand that a number of them are graduates of various universities in Europe, but that they find it difficult to obtain permission to practise their profession. One of these young men wrote to me and told me that he took this matter up with the provincial authorities in Manitoba and also with the university there, but was told that, before he would be allowed to practise his profession, he would have to write an examination that the Department of Agriculture in Ottawa prepared. Is that right?

I should also like to ask this question. Most of these young men do not yet speak the English language. Would there be any possibility of arranging an examination in the language which they understand? I do not think these men should be held back if there is a shortage of veterinary surgeons. They do not necessarily have to speak perfect English to understand the cows. I am sure that they could render good service to this country. What procedure could these young men follow in order to be able to find some employment in their particular line?

Mr. GARDINER: We have been making some study of the possibility of getting veterinarians from D.P. camps and elsewhere; as a matter of fact, we have made a check on the number that are in the camps, the number who speak English and the number who speak other languages. I quite realize that there are certain sections of western Canada, particularly in the rural areas, where it would probably be an advantage to be able to speak some other language as well as English, or probably even to speak some other language even if unable to speak English.

But that is not the deciding factor. The deciding factor is whether or not the person is a veterinary and has graduated from an institution which is recognized in Canada as being of as high a standard as that of the two institutions we have here. If so, and if they have passed examinations in those institutions which are recognized as being of equal standing with ours, then they have a right to register here and will be dealt with in the same manner as persons coming in from any other country would be dealt with at any other time. Up to now there are none that we know of who have been registered in any of the provinces. But we have been doing something about the matter ourselves with the idea of encouraging them rather than otherwise. We have had these lists, as I say, and we have been negotiating with the associations and otherwise to try to get some of these men out, because we want the work done.

Mr. HLYNKA: I know two persons who arrived recently. One is a young man and the other is a young girl. Both are graduates of European universities in that profession, and both, of course, do not speak the English language well enough to be able to write an examination. Could these examinations be

arranged in the languages which they speak; and would that have to be done through the colleges or the provincial department of agriculture?

Mr. GARDINER: Of course the difficulty in connection with that is largely involved in what the provinces themselves would require. I imagine it would be possible for the western provinces to find persons who could examine these people in their own language. But if that were not possible, then, of course, an examination would require to be conducted in English. The main point upon which the authorities will have to be satisfied is the standing of the university from which these persons received their graduation; and an examination of the courses that are given there I think would make it possible for a qualified person here to determine whether they had been fully instructed. But even after that, it might be required that there be some examination written in the province in order that they might be admitted. If that were true, I think it would either have to be in English, or they would have to be able to secure someone who could set the papers and examine them in their own language.

Mr. DROPE: Now that the city members have exhausted their questions, there may be a chance for someone from rural Ontario to ask one. Is the department making any progress in regard to the T.B. testing of cattle? As far as Northumberland is concerned, some attempt at checking was made last year, after the tests had been discontinued for many years; but, as far as I can ascertain, not even a township was completed. It was a hit-or-miss program. They did parts of townships, apparently with no idea of cleaning up any of them at all; but, as far as I can find out, nothing has been even started this year. So I would ask the minister if there is any intention of completing that county this year, or what his policy is in that regard.

Mr. GARDINER: I understand that they started to inspect there in August of 1947. They have been doing their best with the men at their disposal. I understand that the test is not completed, but it will be completed at the earliest possible day the men can be made available.

Mr. CHARLTON: A moment ago the minister intimated that the D.P. situation had been thought about by the department. I wonder just how far they have gone in that regard, whether anything definite has come out of that investigation, or whether any decision has been reached.

[Mr. Hlynka.]

Mr. GARDINER: My information is that the matter has been discussed by the Ontario and Quebec associations, and perhaps some of the others, but no final decision has been reached from the point of view of the associations, as far as we know. We have been keeping as closely in touch with it as possible, but up to the moment there has been no final decision.

Mr. CHARLTON: All the associations are being asked for advice.

Mr. GARDINER: I am not so certain their advice has been asked, but I understand that some have been discussing the matter on their own initiative, and some at our request.

Mr. STEPHENSON: During the debate on the address in reply to the speech from the throne I asked if there had been any increase in the number of veterinarians in Ontario, and also whether any increases in remuneration had been offered veterinary inspectors in order to attract more men into the service. I should like to ask also whether there has been any increase in the compensation paid when animals have to be destroyed. Further, I want to ask whether it is necessary to follow through on all the red tape when the department hires a veterinarian for part-time work. I am told by private veterinarians back home that they have to make out so many reports for the department that they become exasperated and say, "Well, if we have to do this we would just as soon not bother with departmental work". Then in 1946, again in 1947 and again this year, I was promised that a re-test would be carried out in Durham county, but as yet that has not been done. Can the minister say when this test will be commenced?

Mr. GARDINER: As to the pay of veterinarians, the hon. member will find that the other evening I put all that information on record, and indicated that there had been a considerable increase in the pay. I do not think it necessary to go all over that matter again tonight.

As to the returns, it depends a great deal upon the work the veterinarians are able to drum up for themselves, as to whether or not they are anxious to do this kind of work. A few years ago I was plagued in season and out by veterinarians all over the country who wanted to work for the government. Now they are not quite so keen. The reason is, of course, obvious, now that there is more money in livestock. A person is more likely to call in a veterinarian to save an animal when it is worth $200 than he would be when it was worth only $20, and that has altered the situation materially. But when you are making

reports on animals being checked for T.B. you must have records. There is no possibility of accepting anything but complete records, because otherwise they do not mean anything. Or if you are checking animals for Bang's disease or T.B., before they are sent to the United States, complete reports are necessary. Anyone who does not want to make out those reports is not of much use. It would not pay us to have these people do part-time work if they did not give us complete reports. We must have full reports, and anyone not prepared to make them cannot be employed part-time.

Mr. STEPHENSON: Then can the minister tell me when the test will be commenced in Durham county?

Mr. GARDINER: Durham was first tested in 1936. Some 38,900 cattle were tested and the reactors numbered 2,483, or 7·3 per cent. It was rechecked in 1943, when 44,286 cattle were tested with only 184 reactors, or ·41 per cent, which is not a bad record. They should have been retested in 1947, but up to the present we have not had a staff sufficiently large to permit us to carry out that recheck. In the light of the check of 1943, I should not think conditions there would be bad at the present time.

Mr. CHARLTON: Last Friday evening the minister said he thought there would not be more than four or five graduates coming into the service this year. Has he anything more definite to tell us now?

Mr. GARDINER: No, I have nothing more definite than that. We can only guess even at the four or five.

Mr. CHARLTON: You have had no applications at all?

Mr. GARDINER: Not beyond that number.

Mr. CHARLTON: You have had four or five applications?

Mr. GARDINER: Yes. That is as near as we can give it to you, just offhand.

Item agreed to.

Production service—
18. Compensation for animals slaughtered, $507,845.

Mr. BRADSHAW: May I ask the minister if this increase represents a greater amount to be paid per head, or simply an increase in the amount of work?

Mr. GARDINER: There is no increase per head. It is an increase in the total amount to be paid out. In other words, more inspections are being made and more money will be required.

Mr. BRADSHAW: Since our county is under test, I want to point out to the minister that the farmers have a real grievance in regard to the compensation being paid. It does not seem to be enough. The total expenditure on agriculture in this country is far short of what I think it should be. From time to time it has been said of some departments of the government that Canada is doing more than any other country. I want to point out that in the United States the appropriation for agriculture is $1,247 million. We are about one-twelfth the size of the United States; therefore we should devote about $100 million to agriculture. Last year we spent a measly $28 million, and this year it will be something like $41,810,000. I am not advocating that we should spend $100 million on agriculture, but I am suggesting that in some particular cases we should spend more money.

The young farmer who has bought a herd, or the veteran who has bought a herd, and loses it, is not getting a proper compensation at this amount per head. The minister has pointed out that the value of the beef at the present time compensates in this matter. But I would point out that, in respect of the dairy herd, the farmer whose herd goes down is not the seller, because those animals are sent to the slaughterhouse where the packer becomes the buyer and the seller, and the farmer gets just what they give him. In that respect he does not receive proper remuneration for the value of his milk cows. I would urge that this compensation be raised to at least a comparative figure to compensate these people for their loss.

Mr. GARDINER: The position is that there has been no inclination to change these amounts as prices go up and down. I must say, however, that the compensation has been higher in the past at times than it is now. It was higher back about 1918, about the end of the first war when, I presume for the reasons now being stated, prices of cattle were higher.

But we have hesitated to change the amounts up and down any more than is absolutely necessary, because there is always the question as to whether people need more money when the valuations are low than they do when they are high. People who are getting only $20 for the animal perhaps need $100 more, when it is worth only $20 in somebody's market, than they do when they can get $100 for what is left, for what they could sell, in addition to whatever remuneration they could get. Speaking personally, the last animal I

had that went down I marketed in the city of London, and I got $105 for it. I did not collect anything from the government on it; but I could have collected for a purebred animal two-thirds of $150. That would not be bad if you could get two-thirds of $150, and then get $105 in addition. The higher the value of the animal, the more likely you are to be able to get a reasonable return. Many of these animals which go down have only a gland in the neck, or something of that kind, which shows reaction. When that is cut out, the remainder of the animal can be utilized quite safely, and the animal is sold.

However I know there are cases such as those mentioned a moment ago, where there are dairy cattle which perhaps are not very useful for meat purposes, and very little can be obtained for them. They are put into tankage, and it does not bring much to the individual. All I can say is that we shall look into the matter, check what has been done over the years, and see whether any adjustment can be made.

Item agreed to.

Production service—
19. Livestock and poultry, $1,022,390.

Mr. PEARKES: Mr. Chairman, recent events have brought handicaps to the poultry industry in British Columbia. I crave the indulgence of the committee for a few moments to explain the growth of that industry, the difficulties under which it labours, and to ask the minister if he is prepared to offer any solution, so that confidence may be restored in the industry.

During the past six or seven years the government has encouraged people on the Pacific seaboard to go into the poultry business. There have been representatives from the federal government and representatives from the British food interests urging small farmers to increase their flocks and to construct additional houses.

To give some idea of the enormous growth in the poultry industry as a result of the impetus given by the government, let me point out that, while in 1939 the value of the egg crop in British Columbia was something over $4 million, in 1947 it had increased to almost $16 million.

A few years ago the amount of eggs produced n British Columbia was only one-tenth of hat produced in Ontario. We are now producing one-third and the industry in British Columbia has become second only to that in Ontario. However, in addition to egg production, the production of dressed poultry has increased tremendously. I believe last year something like 12,000,000 pounds of dressed poultry were shipped to Great Britain. I know that even within the last few months carloads of turkeys and dressed chickens have been shipped to points throughout Canada and to the United States. In so far as breeding stock is concerned, shipments of chicks and poults to other parts of Canada have been given a new impetus, as a result really for the first time of the movement of these day-old chicks and poults by air. This remarkable achievement has been accomplished largely through the assistance given by the government.

In 1942 the government offered assistance to the poultrymen of British Columbia by a freight assistance policy. Last year, according to the figures I have, over 100,000 tons of wheat, 33,000 tons of mill feeds and 46,000 tons of barley were sent into British Columbia, on which freight assistance was given. Now we find the ceiling has been removed from the price of that feed grain going to the poultrymen of British Columbia. Before that ceiling was removed, however, the British Columbia poultry industry agreed to sell twenty-five per cent of its entire production of eggs to Great Britain at the definite price of 36½ cents per dozen for eggs in the spring, this price to increase to 43½ cents per dozen on September 1. Although the price remains the same, the cost of production has gone up, largely due to the removal of the ceiling price on feed grains.

Not only that, but as everybody knows, in the last few weeks freight rates have been increased; and, as has been pointed out many times in the house, this affects British Columbia particularly because of the unsatisfactory mountain differential. In addition to that, costs of other materials, such as lumber required to go into the construction of breeding pens, houses and the like, have gone up. The result of that is that egg production this year is estimated to drop by something like sixty-six per cent. I believe those were the figures given by Professor Lloyd of the poultry division of the University of British Columbia. The British Columbia poultry industries council have asked that a subsidy be placed upon eggs in order that confidence may be restored. I do not know whether that is possible or whether that is the intention of the government, but I think the minister is aware of the difficulties facing the poultrymen of British Columbia and I would appreciate it if he could indicate what is to be done.

Mr. GARDINER: There has been an increase in the return under the British contract. Beginning with January 1, the price of eggs was put up for the spring period. Then it dropped down for the period we have just entered, and it goes up again in September. As was

suggested in the last few remarks of the hon. member, I met the British Columbia poultrymen's association last week when I was in Vancouver and they made representations with regard to their present position. I did not feel that I was in a position to consider properly the details with regard to all plans associated with the British contract and with the future, so I agreed to send out to British Columbia our chief poultryman, Mr. Brown, and I asked Mr. Shaw to accompany him.

Mr. Shaw is the director of marketing, and some of this could be better discussed under marketing when I shall have more information here. Mr. Shaw was to be along with Mr. Brown for this particular matter and also to make some check on the other difficulties related to British Columbia that we were discussing this afternoon.

My understanding is that what they desire to have done is to have the date in September when the price is increased under the contract advanced. I have reason for thinking Mr. Shaw and Mr. Brown will be able to make proposals to them which may be satisfactory; if not satisfactory, they will be helpful. They will be along the lines of their suggestion that the date be advanced and that some increase be allowed. This is not altogether to take care of increases in feed, although the price of wheat either has advanced or may advance in the period after the new crop comes in, as a result of wheat going up to $2 a bushel. That will have some effect upon the price at which wheat will be sold both for human consumption and for the feeding of livestock.

There will be some effect and probably that will be taken care of by advancing the date at which the increase in price will take place for eggs bought in the fall season, but in any event the men are out there discussing it with them. Whatever is applied there will be applied right across Canada.

Item agreed to.

Production service—

20. Plant products—seeds, feeds, fertilizers, insecticides and fungicides control, including grant of $31,000 to Canadian seed growers' association, $963,764.

Mr. CHARLTON: I have a rather peculiar situation to bring to the attention of the minister. Item 61 in the auditor general's report for 1947 reads:

61. Vote 477.—Beginning in 1943-44, the agricultural supplies board entered into contracts with growers, under a plan styled "The Dominion Seed Program," to ensure adequate production of vegetable seeds. Seed produced by growers, but not disposed of by them, was purchased by the board and stored pending resale. The cost of seed thus purchased was $234,358.74, including freight and storage. Sales amounted to $9,615.25. Thus, $224,743.49 is invested in 208,898 pounds of unsold seed.

I figure that out at $1.07 a pound. Could the minister give us any information about that?

Mr. GARDINER: I am afraid I shall have to leave that until we reach item 47, special products board.

Mr. McCUAIG: What progress has been made in the development of chemical weed killer, especially in connection with field crops in the west?

Mr. GARDINER: I think the hon. member will realize from his own experiences that great strides have been made in the utilization of chemicals for the killing of weeds. The enormous distribution which is going on this year would indicate that farmers are convinced that this is a most effective method of dealing with weeds. We are following other activities and are carrying out experiments ourselves at Indian Head and elsewhere.

Mr. McCUAIG: I realize that the minister cannot keep in step with all developments, but this is of great importance to the west. You cannot kill weeds in our part of the country like you can in Ontario, because you do not get rain and they do not germinate. You have trouble when you summer-fallow and then put in your crop. Of course the chemical weed killer will kill the weeds and your crop comes along. I thought the minister might know just what supplies would be available and what would be the cost per acre. I understand that they are developing a machine.

Mr. GARDINER: Supplies are available, but I am sorry that I cannot give the cost per acre of utilizing this weed killer. I understand that demands are being met.

Mr. JUTRAS: There is one suggestion I should like to make. This weed killer can do more good than anything else to prevent weeds from developing along roadways and on properties that are not being used. Weeds often start in the west along highways and road allowances. Quite often the municipality or the province or the federal department do not look after these lands, and weeds develop and gradually move on to the fields. Manitoba intends to go into this work on a large scale. I mean spraying the road allowance or highways and preventing the weeds from spreading over the fields. I suggest to the federal government that if the provinces do that work it should co-operate and do the same thing on federal property.

Mr. WRIGHT: As the minister says, there will be a great extension this year of this type of summer-fallowing and of weed killing in western Canada. There are a number of formulae on the market, some of which are good and some of which may not be so good. The department would be well advised to check the formulae and issue information to the farmers who are using them as to their strength and usefulness. Otherwise I fear many people will be gypped. There has already been a large sale of these spraying appliances in western Canada. In the area I come from enough appliances have been sold to cover half the area with sprays of various kinds during the coming year. These formulae should be checked to see that they come up to certain standards, and information should be issued to the farmers as to their usefulness, or I am afraid somebody will be gypped this summer.

Mr. GARDINER: I have not the information readily available as I would have had earlier, because this really comes under scientific service. These formulae are checked. As a matter of fact, we have a publication out recommending the farmers to use one of three formulae. That publication can be obtained by anyone. It has already been widely circulated. I think the matter was fully discussed at the weed conference at Regina last January, and it was intimated then that this publication was available and that these checks had been made and that the department was in a position to recommend three different formulae as being effective.

Mr. WRIGHT: I hope that information will be given to all municipal councils if that has not already been done, so that they can give the information to their ratepayers. I think that is the best way of distributing information throughout western Canada.

Mr. GARDINER: I would think all the municipal offices in the west would be either on our mailing list or on the provincial lists. The way the information would go out would be through the provincial governments to their usual mailing lists, which I think cover all the municipal offices.

Item agreed to.

Production service—

21. Grants to fairs and exhibitions, under such terms and conditions as may be approved by the governor in council and subject to allocation by the treasury board, $382,400.

Mr. FULTON: I had correspondence with the minister's department last year with respect to making a grant available for the winter show at Kamloops. I pointed out to the minister at that time that the Vancouver winter fair was not being held—it has not been held for a number of years—and we wondered whether some or all of the grant allotted to that fair could be made available for our winter fair at Kamloops, which is quite a big show. I see nothing here for that purpose. What is the present position?

Mr. GARDINER: The Kamloops show does not get a grant.

Mr. FULTON: Not for the winter show?

Mr. GARDINER: Kamloops is not really entitled to the special grant it gets now, because it is not a B fair. We are not supposed to give a grant to anything but A and B fairs, so that I think we have done very well by Kamloops.

Mr. FULTON: I do not see how you can say $900 is doing very well when you are prepared to give $5,000 to Vancouver which does not put on a winter fair at all. I understand that our winter fair is within the classification which would qualify it for a grant. You were prepared to pay $5,000 to Vancouver, which does not put on a winter fair.

Mr. GARDINER: No. Our position is that we have made agreements with different agricultural associations and societies covering, say ten years in such places as Vancouver where they have built a special building for fair purposes. During the war years it was not utilized for fair purposes, but we had to pay our share of the building costs as it came due. I do not think there is any case of our making a grant where there is not a fair, although there may have been some years when a fair was not held because of special circumstances.

Mr. FULTON: That is the point I am making. Here you have an item of $5,000 for Vancouver, which I understand was not paid last year because they did not hold a fair, and when we asked for a grant for the Christmas show in Kamloops we were told no, that the main winter show in British Columbia was supposed to be the Vancouver winter fair, for which there was an appropriation of $5,000. That fair was not held and has not been held since the war. I know the money was not paid last year, but the department took the position that that was the main winter fair in British Columbia and that they were prepared to grant it $5,000. I do not see why you should not make a smaller grant to Kamloops which continues to hold a winter fair.

Mr. GARDINER: There are three systems of grants. We pay grants to A and B class fairs, and the provincial governments pay to smaller fairs. My understanding is that Kamloops does not qualify for an A or B grant, but for some special reason we made them a grant. So far as I know, it is one of the few places, if not the only one, that get a grant under those circumstances. I think they are quite lucky to get it.

Mr. FULTON: That is a different matter altogether.

Mr. GARDINER: We could not pay them a grant on the other basis because they do not qualify.

Mr. FULTON: What about the winter fair?

Mr. GARDINER: It would not make any difference whether Vancouver held its fair or not. Vancouver can qualify if they do hold it, and we set aside $5,000 for that purpose. If they do not hold it we do not pay it.

Mr. FULTON: But I understand that our Christmas show qualifies.

Mr. GARDINER: If it qualifies it will get it.

Mr. FULTON: No, because we were told that the main winter fair in British Columbia was the Vancouver one. The correspondence went like this, that $5,000 had been authorized in the estimates for the Vancouver fair, and the department could not make a second grant available to Kamloops. In other words, Vancouver had the prior position. They did not hold their fair but we held ours, and I do not see why, so long as Vancouver does not hold its fair, we should not qualify for a grant for our Christmas show, leaving out altogether the question whether our spring show qualifies for a grant or not.

Mr. GARDINER: There are arrangements made right across Canada whereby certain districts get grants for winter fairs. The winter fair in British Columbia has been at Vancouver. There is a possibility that it might be changed from Vancouver to Kamloops, but that change will have to be made before we can pay a grant, and we would have to discontinue paying it to Vancouver. We may decide to do that. Up to the moment we have not decided to do it. I understand that representations have been made to the effect that it ought to be done. If that decision is made, that is what will be done, but until that decision is made we are not entitled to pay the grant to Kamloops.

Item agreed to.

Marketing service—

28. Livestock and livestock products, $965,787.

Mr. CHARLTON: Has the minister taken into consideration the suggestion I made some time ago in regard to setting a price for hogs in the old country market under the British contract? That is important, in that, under the contract as stated by the minister, the price would not be set until some time this November or December. That, I contend, is not good enough, because the maximum price guaranteed for 1949, according to his own words, is only $25 a hundred, and with the production of pork going down as it is across Canada, I think the only hope of increasing production is to get a higher guaranteed price.

I suggested on the former occasion that the price should be set two years in advance, that there be a minimum and maximum price, a floor and a ceiling, and that it be reviewed each year. To give examples, I suggested previously a floor at $30 and a ceiling at $35. That is $5 better than the present floor which is guaranteed for 1949, and I believe the farmers would be satisfied to carry on and increase production on a floor near that. The floor would not necessarily be set at $30, but the price would be within a range of $5 between the floor and the ceiling. That should be for two years, and each year the price could be set at $32 or $33 or $34, somewhere within that range. It would give the farmer a better guarantee. Has the minister taken into consideration anything of that kind, and when will the price be set?

Mr. GARDINER: It is not a matter of taking it into consideration. Since 1939 we have been negotiating with the British off and on for many years on these contracts. We did endeavour for some considerable time to have the period increased from one year and were successful in getting it up to two years for a period. We did everything possible last December to have the price set for 1949. There must be two parties to any bargain, and the British absolutely refused to set the price for 1949 any further than to set the floor. I do not know what we can do beyond that. We will negotiate the price as soon as we can persuade the British to sit down with us and discuss it. As a rule, that has been done in the fall, some time after September, and I have some doubts as to whether they will negotiate it before that time this year. It is not a matter of what we want to do; it is a question of what the other parties wish to do in the negotiations.

Mr. CHARLTON: It is not setting a good example for forward contract prices, and it is not very promising for the next year's price

if Britain has refused to go the two years. She wants to leave it until this fall, and we must suppose the price will be lowered considerably compared with what it was.

Mr. GARDINER: Do not suppose too much.

Mr. CHARLTON: It only proves that Britain is making sure she will not guarantee more than the world price. That is quite an admission on the minister's part.

Mr. GARDINER: I did not make such an admission, because I said, the last time we were discussing these estimates, that our price was higher than the United States price. Tonight the price in the United States is higher than ours. I do not know where it will be next week and no one else knows. It is going up and down, whereas our price is set. Their price depends on whether there is a strike on or not, and some other factors enter into it as well. I am not in a position to say where it will be by next August or September, but we do know that we have a guaranteed price until the end of December at the present rate, and it is a very high rate. I do not think anyone will dispute that.

I was looking at the records tonight giving our position and the United States position in regard to hogs. On the barley hog ratio ours has been at 19, and back in the period around the beginning of the war and prior to that it stood at 19 or 20. The United States corn hog ratio stood at 17 or 18. Their hog ratio stands at the present time at half that, 9. So that when you take into consideration the cost of feed on the United States side, as compared with the price of hogs, and take the cost of feed on this side of the line as compared with hogs, our position is twice as good as the position in the United States, considering that one factor.

Mr. CHARLTON: The price of feed is now practically twice as high over there. But the point is this. I do not care where the price is now. It is the price next year that I am interested in. The farmer is not worrying about the price at the moment.

Mr. GARDINER: I know.

Mr. CHARLTON: He is worrying about what the price will be next year.

Mr. GARDINER: You are worrying about the same thing that we are worrying about, but the other fellow is worrying too.

Mr. CHARLTON: He will not get increased production at that maximum price.

Mr. GARDINER: He is not asking us to increase it. We have more bacon now to supply Britain than Britain is prepared to take at the moment. Whether we shall have more in September I do not know.

Mr. CHARLTON: I think the minister does know if he will admit it. He knows very well. If you continue to do what you have been doing in the last three or four months the contract will be filled by September; but will you continue to carry on until September? I doubt it very much, and the minister will agree with me.

Mr. GARDINER: We have already made negotiations which result in more being delivered to Britain than the contract calls for. But what I am saying is that there are more hogs coming onto the market now week by week than the British contract takes; that is in addition to what we are consuming in Canada. We can sell them in the United States at the present time at prices a little better than to Britain, but if we do that we shall have to open the United States market for grain and we shall not be in a better position but in a worse one.

Mr. CHARLTON: There is no chance then of that price being negotiated sooner than November or December this year?

Mr. GARDINER: From September on.

Item agreed to.

Marketing service—

29. Marketing of agricultural products, including temporary appointments that may be required to be made notwithstanding anything contained in the Civil Service Act, the amount available for such appointments not to exceed $6,000, $25,000.

Mr. WRIGHT: I wish to ask the minister a few questions with regard to the marketing of rape seed. What if any exports have there been of rape seed or rape seed oil to the United States or other countries during the past year? I understand that one company is processing rape seed in Canada under contract, and I have been told—I do not know whether it is right—that a certain amount of rape seed oil has been exported. Can the minister give any information on the amounts exported, or the amount of oil exported?

Mr. GARDINER: I am sorry I have not that information. That really comes under trade and commerce. The oil price or the price for rape seed was announced some time ago by the Minister of Trade and Commerce as six cents a pound.

Mr. WRIGHT: For the next year?

Mr. GARDINER: Yes. It is handled under trade and commerce. I wish the hon. member would take it up under those estimates.

Mr. STEPHENSON: What is the situation with regard to buckwheat? I have a request from a feed man in my riding where he has a car of buckwheat. He has got into contact with all the larger milling companies and they are not in the market for buckwheat. He has been trying to get an export permit to ship this car of buckwheat but has been refused. He has made every effort to dispose of it, but none of the milling companies are interested. Is it possible for him to get an export permit?

Mr. GARDINER: I would think there would be no difficulty if he is not able to find a market here. I do not think he would have any difficulty in getting an export permit, but he would have to apply to the Department of Trade and Commerce and they in turn would probably refer the matter to us. I have not heard of the case, and I have never heard the question of buckwheat discussed in connection with exports.

Mr. STEPHENSON: Applications have been made for an export permit, and I was informed that they got in contact with the Department of Agriculture three or four times and were refused as a matter of policy. I cannot understand why, when this man has got in contact with all the milling companies and they are not interested, he should have to lose his car of buckwheat. Here is a letter from the Maple Leaf Milling Company, as one instance. They reply to his letter and say in effect: In reply to your letter of recent date we regret to advise you that we are not in the market for buckwheat at the present time. He has about seven or eight other letters of that kind. Yet the department will not give him an export permit.

Mr. GARDINER: Will the hon. member bring that to my attention tomorrow, and I will see what I can do. I do not think there will be any difficulty about that.

Mr. CHARLTON: Can the minister give us any idea what the price of Ontario soft wheat will be for this season?

Mr. GARDINER: That is trade and commerce. I do not like to announce their prices.

Mr. CHARLTON: Is that entirely under trade and commerce?

Mr. GARDINER: Yes.

Item agreed to.

Special—

30. Prairie Farm Rehabilitation Act and water storage (does not include the costs of survey and engineering work on the Medicine Hat irrigation and Red Deer diversion projects in Alberta and the South Saskatchewan river project in Saskatchewan, which costs are to be made available from the item of $1,000,000, No. 409, Department of Reconstruction and Supply), $3,000,000.

Mr. MILLER: This afternoon I was going to ask some additional questions about P.C. 2413, and the minister suggested that they could be brought up under these estimates. Perhaps this is the proper time to do so.

Mr. GARDINER: Just before the hon. member proceeds, may I answer a note I received from the hon. member for Lake Centre? I have not another copy of the order in council.

Mr. DIEFENBAKER: The minister says he has not a copy?

Mr. GARDINER: No.

Mr. DIEFENBAKER: There is not one either in the returns office, so it makes it rather difficult.

Mr. GARDINER: I have not one here. I am not sure whether there is one in my office or not.

Mr. MILLER: I have a small matter to discuss. In reading over the order in council quickly, I noticed that in section 4, subsection (d), the board was given the power to report on any questions relating to specific projects for the utilization or control of common rivers or lake systems. Then, under the following section, or a later section, the recommendation of the board with regard to subsections (c) and (d) of section 4 shall become effective when adopted by order in council. When I read that I was of the opinion that, without much stretching of the wording, or that with any reasonable interpretation of that wording, we might perhaps have some system of control of rampaging rivers, at least the ones that are interprovincial. But I think the minister has answered that today by pretty well saying that it is not so. I should like him either to affirm or to disaffirm that.

While I am talking on these matters, I should like to refer to some of the flood conditions in my own riding. I have just returned from a hasty trip up there to look over the flood situation. While it is perhaps not on as big a scale as the British Columbia flooding, about which we heard earlier in the day, yet it is a serious matter.

So far as the Department of Public Works is concerned, on the Assiniboine river, which interests me the most, I must say that on the whole I would not be prepared to criticize what they have done. They have done a reasonable job there and have complied, as far as possible, with the reasonable requests not only of myself but of the members who have previously represented this constituency. There is, however, still more for them to do.

The point I want to talk about today is this. This Assiniboine river rises away up in the Saskatchewan. It is an interprovincial river. Not only that, but the basin of the Assiniboine is a huge one. The Assiniboine river comes down from northeastern Saskatchewan and works in through Manitoba. I think it is joined by the Qu'Appelle before it crosses the Saskatchewan boundary, later by the Souris which is not only interprovincial but also international, and also by the Minnedosa and other smaller rivers and creeks. From Portage la Prairie on to the Red river, all the water from this tremendous basin, or rather from these basins, has to be funneled through that one river, through which it flows slowly, with a comparatively small drop of about 112 feet from Portage to Winnipeg. The result is that we are faced with these flooding conditions.

It is all very well for the Minister of Public Works to say what he did this afternoon. I have no doubt that he was speaking only upon the opinion of the law officers who advised him. It is all very well for him to say it is not a federal problem at all, but is provincial or municipal. The provincial authorities are equally positive that it is not a provincial matter at all, but that it is a dominion matter. It is cold comfort to the farmers, who have thousands of acres flooded and under water in the Assiniboine basin, to be standing there while two authorities, to both of which they pay taxes, stand aside and attempt to wash their hands of this particular problem. It must be somebody's.

An hon. MEMBER: There is lots of water.

Mr. MILLER: Yes, there is lots of water for them to wash their hands. It must be somebody's problem. It is not reasonable to say that the municipality of St. Francois Xavier—which is on the east of my riding, and which takes a terrific beating when there is flooding of the Assiniboine; it is a small municipality of about 48,000 acres—is responsible. It is ridiculous to say that it has any financial responsibility for keeping the Assiniboine river under control, when the Assiniboine river comes from Saskatchewan and just passes through this small municipality; and the Souris river, which I think rises somewhere south of Regina, not only meanders through Saskatchewan and Manitoba but also, I believe, takes a bend into the United States. As I say, it is ridiculous to say that the municipality of St. Francois Xavier has any responsibility there at all. But somebody has. If it had not been for that diking system that is there now, there would have been half a million acres flooded this year in the municipality which is represented by myself and the hon. member for Macdonald.

Whether the matter is dominion or provincial, I do not care, so long as some scheme is evolved. But there should be some authority in this country of ours that will make a survey and develop an over-all scheme. I think it should be the dominion. They should make a survey. Then, if the dominion thinks it is a provincial responsibility or the responsibility of several provinces, the dominion should take the initiative and should not expect the farmers who are flooded to run to the municipality, from the municipality to the provincial government, and from the provincial government to the dominion government. There should be an over-all scheme, and it should be worked out by the dominion.

If the Minister of Public Works is correct, and if the law officers who have advised him are correct, well and good. But if there is a divergence of opinion between the law officers of the dominion and the law officers of the province, I say that in all reason and in all common sense the dominion government should submit the whole question to the supreme court for a decision. Then, if we find out that it is a provincial responsibility, the farmers whom I and others here represent, can go to the proper determined authority to get our relief. As the situation is now, we do not know where to go. We are just pushed around from one authority to another. That is the situation not only in my constituency but in every other constituency that is affected by this flooding. There should be a whole dominion-wide scheme, an over-all scheme of control of these rivers. There should be a survey made of these rivers, and I think these rivers which are interprovincial should be the care of the dominion government without any—I was about to use the expression "passing the buck", but I do not think that is fair to the Minister of Public Works. But I think the P.F.R.A.—and that is under the Minister of Agriculture—should make a survey of the Assiniboine river basin, and of the tributaries of the Assiniboine and

see just what can be done or what ought to be done in the matter of control by a system of dams, diking or something?

It is just a tragedy that this year some of the best farm lands in the Dominion of Canada are under water to a depth of not only a few inches but several inches. It was just a miracle, and also by reason of the fact that the farmers and the citizens worked together day and night for over two weeks, that half a million acres of the best farm lands in this country were not under water. I do not think it is good enough for the government of the Dominion of Canada or the governments of the provinces to be standing by, each trying to evade whatever responsibility there might be, lest they be handicapped by some responsibility which they do not want to assume, and that they should pass the buck from one to another. This question must be determined at once, even if it is necessary to have a reference to the courts to ascertain whether it is a provincial or a dominion matter.

As far as these estimates are concerned, I suggest to the minister that he give some study to the wording of P.C. 2413, which was tabled today, to see if the intent and wording of the order in council and the agreement attached to it are not wide enough to permit some such survey as I have requested to be made, in an attempt to arrive at a permanent cure for all this flood damage that is being caused.

Mr. GARDINER: As to the last matter the hon. gentleman discussed, that is the survey on the Assiniboine river, that survey has been under way for a year and a half. We have already spent $6,000 on it, and we expect it may take another year to complete the survey. But it is being made. One of the proposals is that we put a reservoir in the province of Saskatchewan up near the headwaters of the Assiniboine; and borings are being made there to locate the proper place to put the dam to create the storage in that area necessary to prevent the water from coming down with a rush.

I think one reason that floods have been more prevalent in recent years is the fact that the trees have been pretty well cut in the northern areas. The snows used to go away more slowly when the trees were there, and the water came down more slowly. The trees have now been trimmed off, and the water comes down with a rush. We believe it is possible to correct that condition by building dams and creating storages to let the water come down gradually instead of coming down with a rush, and that survey is now being made.

It is possible to have surveys of that kind made under this order in council. We were making them before, without the order in council, but this is intended to facilitate that work. The intent of the order is that each province will appoint its chief engineer; we will appoint our chief engineer under P.F.R.A.; mines and resources will appoint their chief engineer, and those five men will constitute the board. That board will make a study of the information now available, and we think we have most of the information with respect to water flow and all that sort of thing already on record at the offices in Regina. But if it is not on record, then any one of the provinces or the federal government can ask for further information to be obtained, and it will be obtained by this board. The necessary staffs will be provided; and when we have the complete records with regard to the flow of water in those streams and what might be done with it, recommendations will be made by this board to the governments concerned. It may be that in some cases only the federal government and one provincial government will be concerned, but where all four governments are involved the recommendations will be made to all.

The chief responsibility of the board under this order is to determine how much water we should allow to pass the boundary line from Alberta into Saskatchewan, and how much should be allowed to pass the boundary line from Saskatchewan into Manitoba. It has taken us over a year to have this order in council, as it is now, agreed upon. Last year we had one we thought was satisfactory. We sent it to all three governments and finally persuaded two of them to accept it. The third government, Manitoba, was not prepared to accept it; and perhaps they had some reason for their position. They have muskrat farms in the northern part of the province, which are supplied with water by the big run-off in the spring. In the discussions we took the position that, after all, muskrat farms were not the most important thing; that if we were to control the water in the way suggested by the hon. member for Portage la Prairie, namely holding the water back by dams and letting it come down gradually, thus avoiding floods, then the flooding which has taken place in the lower levels may have to take place higher up, for the time being, and the muskrats would have to go up there and have their homes.

Some of those things, I think, will have to give way to the development of the larger idea, that idea being that there is not enough

water, and that we should not allow it to rush away to Hudson bay in the spring, but should provide storages all back along the route wherever they can be usefully placed, and that we should permit the same amount of water to go through in the twelve-month period, but that it would be spread over the year instead of all going down in two or three months and then there being none at all for another period. That is the idea behind it, and this board is set up for the purpose of recommending to the provincial governments and ourselves what should be done.

After those recommendations come in, it is assumed that the federal government will provide the money for the storages. We do not undertake to provide the money to put in irrigation or to put in power developments, but we undertake to provide money for storages. Once we have decided that a storage can be utilized effectively either by a province or by some local organization which has been set up, or by the municipalities, then we may undertake to build that storage.

Mr. MILLER: Or for the purpose of controlling floods?

Mr. GARDINER: Well, I would say it will serve the two purposes at the one time. In most cases it will be to provide power or to provide water for irrigation. For example, if they create a lake on the Saskatchewan river by building a 200-foot dam, that lake will be 145 miles long. It will be 200 feet deep at the dam and some fifty-three feet deep north of Swift Current.

Mr. DIEFENBAKER: Is it not the intention of the dominion government to expend some sixty-five or sixty-seven million dollars, provided that this dam proves feasible?

Mr. GARDINER: I am not sure it will spend $66 million. It will spend whatever part of $66 million is necessary if it is once determined to go ahead with the program, and if we have the consent of all the provinces to go ahead with it.

Mr. BENTLEY: Then may I ask this question?

Mr. GARDINER: Not too many questions at once.

Mr. BENTLEY: I think I had the floor.

Mr. GARDINER: But I was answering a question asked by another hon. member.

Mr. BENTLEY: Any single province has the power of veto on this, has it not?

[Mr. Gardiner.]

Mr. GARDINER: Not now. The order previously drafted provided that any one province would have the power of veto, but that is not this order. That previous order was not signed; it has been changed. The present order does not provide that this board shall make any decisions. It simply makes a recommendation to each province. We did not want it that way, but that was insisted upon by the three provinces. We finally agreed in order to get somewhere. We were a year trying to get them to agree to the other proposal, that the board should make the decision in the matter, but they do not want that. We have agreed to allow recommendations to go to each province and to us; but we are trusting that the provinces will pass the necessary orders in council, when the time comes, in order to make it possible to proceed.

Mr. BENTLEY: Then each province still has a veto?

Mr. GARDINER: No such thing as a veto is involved, but if they do not pass an order in council nothing will be done.

Mr. BENTLEY: In effect, then, they can block it?

Mr. GARDINER: Yes.

Mr. MacNICOL: Did I understand the minister to say that the dam to be erected somewhere near Elbow will raise the water at Swift Current or at Saskatchewan Landing to a height of sixty-six feet?

Mr. GARDINER: No; fifty-three feet. I understand that if a 210 foot dam is built at Elbow, which is the one recommended by the engineers, that will necessitate building a dam 110 feet high along the east side of the Saskatchewan river to prevent the water from going down the Qu'Appelle. Both those dams would have to be built before you could have that supply of water provided in the Saskatchewan river; and I imagine the water would be 200 feet deep at the dam.

Mr. MacNICOL: The minister did not get my question. He says the dam to be erected somewhere near Elbow will be 200 feet high. I understood him to say that would raise the water in the vicinity of Saskatchewan Landing north of Swift Current to a depth of about sixty feet.

Mr. GARDINER: To fifty-three feet.

Mr. MacNICOL: One further question; that would wipe out the possibility of a low-level bridge being erected there.

Mr. GARDINER: I understand that what they are proposing to do now is to put in the

abutments for a 53-foot bridge, but to build the low-level bridge. That is the situation at the present time, so far as I know it. A 14-foot increase in water would result from a different dam altogether from the one at Elbow. There have been a number of investigations made, and if a dam different from the Elbow dam were built, then it might be possible that the lake would only create an increase in water level of fourteen feet. I understand that the province intends to go ahead and put in abutments which will carry the high-level bridge. But they intend at the present time to build a low-level bridge.

The advice that they have and that we have is that the steel structure put on the low level can be jacked up to the higher level, and the full abutments are built to carry that higher level bridge, if it is ever necessary in the future. Then they would have to add approaches at both sides back to the higher level of the river banks.

Mr. MacNICOL: The suggestion was made a while ago to build another dam at Saskatchewan Landing, which would mean a lower dam at Riverhurst or Elbow, and then have that new dam at Saskatchewan Landing.

Mr. GARDINER: There is only one dam being discussed at the present time, and that is the 210-foot dam at Elbow, which would necessitate a second dam on the east side, because the bank of the river opposite the Qu'Appelle is only ninety feet high. If you build a dam 210 feet high, you have to build another dam along the east side of the river to prevent all the water from going down and flooding out all the people in Manitoba. So there has to be a great deal of construction. The plan has been suggested which will take a considerable amount of money, if proceeded with, and some time to build.

Mr. MILLER: Has the minister anything to indicate from his records where the proposed dam would be on the Assiniboine river?

Mr. GARDINER: They have not completed the borings. But it is somewhere up in the Saskatchewan area, in the vicinity of Kamsack.

Mr. MILLER: It would have to be above the Minnedosa and the Souris.

Mr. GARDINER: Yes.

Mr. FULTON: I should like to ask some questions respecting the extension of this act to British Columbia. Just for the information of the minister and of the committee, I should like to review what I was going to describe as changes in policy which have taken place thus far. This was urged as a specific measure by myself and by others in 1946.

The DEPUTY CHAIRMAN: Order.

Mr. GARDINER: That could be discussed under item 36, the British Columbia item.

The DEPUTY CHAIRMAN: Order. This item deals with:

Prairie Farm Rehabilitation Act and water storage (does not include the costs of survey and engineering work on the Medicine Hat irrigation and Red Deer diversion projects in Alberta and the South Saskatchewan river project in Saskatchewan, which costs are to be made available from the item of $1,000,000, No. 409, Department of Reconstruction and Supply).

Mr. FULTON: This item deals with the Prairie Farm Rehabilitation Act. We have been urging for some years that it be extended to British Columbia. The minister said this afternoon he would prefer that we delay discussion until we reached the P.F.R.A. item.

Mr. GARDINER: But this is not that item.

Mr. FULTON: The item the minister has in mind is item 38.

Mr. GARDINER: No, item 36.

Mr. FULTON: Yes, item 36. But that deals only with specific projects in British Columbia. It refers to isolated projects.

Mr. GARDINER: But this item does not deal with British Columbia at all.

Mr. FULTON: But it does deal with the Prairie Farm Rehabilitation Act.

Mr. GARDINER: And that does not apply to British Columbia. In the discussion of the British Columbia item we can discuss everything that can be done in that province under that item. We cannot have prairie farm rehabilitation in British Columbia. You can have something done in the mountains, or in some other place, but it would not be prairie farm rehabilitation.

Mr. FULTON: Last year the minister said he was in favour of an extension of the principle of the act to British Columbia.

Mr. GARDINER: And we have it in this other item.

Mr. FULTON: No, it is not. The other item deals with specific projects.

Mr. GARDINER: There is not a nickel in this item for British Columbia—

Mr. FULTON: And my point is that there should be.

Mr. GARDINER: —and there cannot be any money put into it for British Columbia. Therefore we cannot discuss British Columbia under this item. But you can discuss anything you like in connection with British Columbia water development under item 36.

Mr. FULTON: The minister is being very generous, but he does not actually control the committee.

Mr. GARDINER: The rules control the committee.

The DEPUTY CHAIRMAN: The committee would make more progress if it dealt with the items as they come along. This item has nothing to do with British Columbia. The hon. member will have an opportunity to deal with British Columbia later on.

Mr. DIEFENBAKER: On a point of order, surely there is no other place where questions as to whether or not the act is being applied in British Columbia can be asked.

The DEPUTY CHAIRMAN: Order.

Mr. DIEFENBAKER: I am rising to a point of order.

The DEPUTY CHAIRMAN: I think the hon. member knows very well that it is the rule in committee to deal specifically with the item under discussion.

Mr. GARDINER: This is not for the province of British Columbia.

The DEPUTY CHAIRMAN: Surely to goodness the hon. member will not argue that this is the proper place to discuss the problem in British Columbia.

Mr. FULTON: I read in item 30 that it refers to the Prairie Farm Rehabilitation Act and water storage.

The DEPUTY CHAIRMAN: Go on.

Mr. FULTON: And there is a note to say that it does not apply to two specific projects. But the general item refers to the Prairie Farm Rehabilitation Act and water storage.

The DEPUTY CHAIRMAN: As the hon. member knows, the point he now raises does not come in here. Is he suggesting that British Columbia comes under the Prairie Farm Rehabilitation Act?

Mr. FULTON: No, with respect, I do not. The point I am trying to make is that we should have an extension of the principle of the act, and water storage, in British Columbia.

The DEPUTY CHAIRMAN: Now the hon. member is saying that a principle is involved, which is not to be dealt with under a particular item. The item itself may be dealt with specifically.

Mr. FULTON: The term "water storage" is sufficiently broad.

The DEPUTY CHAIRMAN: We are not going to make progress if we keep on arguing about the matter.

Mr. DIEFENBAKER: Mr. Chairman, with all due respect, this matter has recently been discussed in British Columbia, and the question of the extension of P.F.R.A. to British Columbia was specifically referred to in the last few days by the right hon. gentleman.

Mr. GARDINER: No, it was not.

Mr. DIEFENBAKER: Yes, it was.

Mr. GARDINER: I did the discussing, and I know what I discussed. I discussed item 36.

The DEPUTY CHAIRMAN: I rule that under this item the discussion of British Columbia problems should not be continued. We shall make progress if we proceed as we should proceed.

Mr. BURTON: I have a number of questions I should like to ask, which certainly do come under this item. First, may I remind the minister that during the past few years I have been quiet and considerate in asking for any information concerning the matter I have in mind. But, after the tremendous snowfall we had during the past winter, and the tremendous amount of run-off water, I should like to inquire from the minister as to how much water is impounded in Wolverine creek by the dam built by P.F.R.A. southeast of Humboldt in the summer of 1943. Have any repairs been made to this dam in the past year, and, if so, what was the total cost of such repairs?

Mr. GARDINER: The dam at Wolverine creek is really an underground dam.

Mr. MacNICOL: That is a new kind of dam.

An hon. MEMBER: An election dam.

Mr. GARDINER: No, it is a sensible kind of dam. The underground structure is of gravel and no better water in the world can be had than that stored in gravel. Steel piling is driven down at the end of the area in which the water is stored. The run-off in the spring soaks into that and is stored. A total of $479.75 was spent last year on repairs.

Mr. BURTON: For what purpose?

Mr. GARDINER: I am not sure of the purpose, but I presume it had something to do with the structure. I imagine my hon.

friend knows more about it than I do, because he lives close to it.

Mr. BURTON: My information is that a wooden overflow structure was burned by a prairie fire. I do not know just to what extent the department has repaired it, but in repairing it I hope they see that this dam which is supposed to hold water will not be consumed by a prairie fire.

An hon. MEMBER: Firewater.

Mr. BURTON: I should like to find out how much water is now impounded by this dam. Last year and the year before, I made special trips out to the dam, one time right after there had been a cloudburst in Humboldt which had raised the level in Burton lake near my farm to about ten feet. When I got to the dam there was not enough water to permit a respectable duck to take a bath. I want to know whether this dam is going to hold any water at any time.

Mr. GARDINER: I think if my hon. friend took a jump down one of the wells down there he would find that there is more water in it than there ever was before.

Mr. BURTON: I hope the minister is not suggesting that I go down a well?

Mr. GARDINER: It was never intended to be a duck pond. It is on the same principle as that by which water is supplied to Moose Jaw. Water comes down from the Saskatchewan river seventy miles away, it is pumped into the sands, and then Moose Jaw pumps it out again and takes it eighteen miles into the city. This dam is some six or seven miles from Humboldt and there is a graveled underground area in which water is supposed to be stored. So far as I know, Humboldt has never attempted to pump water out of it and, until they do, they will not know whether there is any water there. I presume there is water there because the dam is properly constructed.

Mr. BURTON: The town of Humboldt and their advisers in the matter of water supply have been hesitant to undertake the placing of a pipeline to that dam, because until this spring there has not been sufficient water to warrant the expense. The minister's statement that this dam was constructed with the idea of checking the flow of water underneath the surface is understandable—

Mr. GARDINER: Is correct.

Mr. BURTON: Then why was it necessary to construct a dam forty or fifty feet in height if it was intended to hold water flowing underneath the ground? The engineers of the department must have had some idea that sufficient water would back up behind the so-called underground dam to raise water on the surface against the dam. The minister or his officials can find out much easier than I what water is impounded by this dam. There was a tremendous amount of run-off water this spring.

Mr. GARDINER: Both the hon. member and I will be out there before very long and we can look at it.

Mr. BURTON: I hope the minister will so arrange his trip that I can have the pleasure of driving him to that dam. I assure him that I will not invite him to jump in a well because I know we can get along very well without that.

Mr. FULTON: What amount will be spent this year in British Columbia under P.F.R.A.?

Mr. GARDINER: None under P.F.R.A. on construction. The money that is being spent in British Columbia is being provided from two sources. One is the Veterans Land Act. A considerable amount of work is being done under that act in different parts of British Columbia and our engineers are doing the work. There will be other expenditures in British Columbia made under item 36, which has to do with the Lillooet river. I will ask the hon. member to deal with this matter when we reach that item. Then I would point out that item 38 has to do with land reclamation and there will be expenditures under that.

Mr. ADAMSON: In view of the minister's earlier remarks that the cause of all this flooding we have had is the destruction of forest cover to the north, I have a question to ask which has a particular bearing upon northern Ontario. What steps, if any, are being taken to replace the forest cover?

Mr. GARDINER: All the work being done to replace forests I presume is done by the provinces because the forests belong to the provinces.

Mr. QUELCH: If one province refuses to adopt the recommendation of the water board with respect to the allocation of waters of a specific river, are we to understand that all development of water storage will be held up until such time as the recommendation is adopted?

Mr. GARDINER: We are spending the money and that is exactly the point of view I took with the provinces. I said, "If you are going to delay expenditures I do not think anyone here is going to insist that we spend money in the province". This is doing work

which, according to the discussions we have been having, is really the constitutional responsibility of the province. We are prepared to drop that and do the job up to a point. So far as we are concerned in this department, we have our troubles in getting money. We have to discuss the matter with the Minister of Finance, with the whole council and with all those who are interested in the matter. We have our own difficulties the same as any department has in getting the amount of money which we think ought to be expended. If the provinces are going to say, "We do not want it expended," that will make it more difficult. But I think you will find as you go along that the provinces will expedite it. I do not think there is any occasion for setting up hypothetical cases and saying they will not.

Mr. JUTRAS: Has the minister had any communication with Manitoba with regard to work being done in the southeastern part of that province? The minister will recall that last year and the year before, I pointed out that there was a great deal of work to be done in the southeast corner of the province, east of the Red river. This area has two or three very large swamps which overflow every spring. There are only two small rivers, the Rat and the Roseau, to take the water away and their banks are not high enough to take care of the flow, so that there is an overflow over the country generally every spring, which makes it very difficult for people to settle there. They have to restrict their settlement to the higher places.

In the past the argument brought forward by officials of P.F.R.A. was that it was more a problem of drainage than irrigation. However, an engineer has come out with the suggestion that probably one storage dam located somewhere on the Roseau about the centre of the area would hold back the main waters from the swamp, and the rivers would then be able to take care of the rest of the drainage. There are several thousand acres that could be settled and cultivated and put to real use in that area with proper drainage. I commend this project to the minister. I was given to understand that he had discussed it on many occasions with the officials. Is the minister in a position to make a statement on that?

Mr. GARDINER: The present situation is that the area east of the Red river in Manitoba is in much the same position as all other parts of Canada outside the P.F.R.A. area, which is the Palliser triangle, and the area east of the Red river is not in that triangle.

Mr. JUTRAS: I was referring to the eastern side of the Red river but only to the extent

[Mr. Gardiner.]

of five or six townships east of the Red river. As I understand the present regulations, most of this area would come under P.F.R.A. because it includes the water basin of the Red river, and the area I am speaking of is part of the water basin of the Red river. I was given to understand that by the official.

Mr. GARDINER: If it is in the P.F.R.A. area, of which I have some doubts, it would come under P.F.R.A.; but, if not, it would have to come under another item which provides a special fund for doing works in different parts of Canada.

Mr. JUTRAS: I am satisfied that it comes under P.F.R.A.

Mr. GARDINER: If so, it could be considered.

Mr. JUTRAS: Has the minister had any communication from the province about it?

Mr. GARDINER: Not that I recall.

Mr. ZAPLITNY: I should like to bring up a matter which seriously affects Dauphin constituency. I assure the minister that it will not require any subterranean dams or anything of that kind. The minister will recall that about a year ago—

The DEPUTY CHAIRMAN: Order. I wonder if the hon. member would give way to the hon. member for Northumberland, Ontario, who was out when we were dealing with item 29 and wanted to ask a question on it?

Mr. ZAPLITNY: Yes, certainly, Mr. Chairman.

Mr. DROPE: Thank you very much, and I also wish to thank the Chairman for his courtesy and to assure him that we make good progress when he is in the chair.

My question was in regard to the marketing of cheese. Is it the intention to requisition cheese for overseas shipment this year? We were interested in the announcement the minister made this afternoon concerning that other great dairy product, butter. It appears doubtful whether this country will have enough butter next winter, with the low price announced today, which I think will have a tendency to discourage production. We have to bear in mind that our population is increasing in this country, and it is questionable whether we can go on exporting dairy products for any length of time and still have enough left for the home market. We know the tremendous shortage of butter that we experienced last winter and the great demand by consumers for a subsidy. I would hope that the policy of the government will not lead us into that position another year. At

least the ceiling should be taken off butter at the present time. Would the minister make a statement on that?

Mr. GARDINER: With regard to cheese, the price in the contract is thirty cents. It sets a floor under cheese. The requisitioning of cheese depends on two or three things. One is whether we can buy cheese from week to week as we go along in order to fill the British contract. Another one is whether we shall be able to get funds to be able to pay for all the cheese in the month or two toward the end of the season. In my opinion we ought to be able to get our proportion of the cheese every week during the summer, and I have expressed that opinion to the cheese producers in the last two or three days. They are discussing that matter with the possibility of bringing it about, so far as the cheese producers of Quebec and Ontario are concerned. I am not in a position to say anything more until those discussions are completed. It is not our desire to requisition cheese, and I hope we shall not have to do so. We hope to get the cheese as we go along, rather than have to take it in the last month or two. I think that is advisable. Nor do the British want it all in the last month or two, but week by week, and that is the way we ought to deliver it. But if we cannot deliver it in that way we shall have to make some different arrangements from what we have now.

We have not lowered the ceiling on butter. We have simply said that if it goes down to fifty-eight cents we are prepared to buy it. But butter has not gone down to fifty-eight cents, and I do not know whether it will or not. We have not lowered the ceiling. It is still sixty-seven cents. The papers said seventy-three cents, but there is no such ceiling on butter. The ceiling is a wholesale ceiling of sixty-seven cents, and the fifty-eight cents is in relation to sixty-seven cents, and not in relation to seventy-three cents. The selling price, as everyone knows, is sixty-seven cents, basis Montreal, and the price at which we shall buy, if it goes down to that, is fifty-eight cents.

Mr. DROPE: Does the minister think we shall get enough butter to supply the consumer demand next winter at that price?

Mr. GARDINER: I am not sure that it will go down to that price. The price today is sixty-three cents. It has gone down from sixty-seven to sixty-three cents within the last three or four days. Whether it will go lower I do not know, but we are hopeful that butter will come in at these prices. As a matter of fact, the greater part of the surplus butter comes from places where cheese is not produced.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): On Monday we intend to proceed with the second reading of Bill 328, which was introduced by the Minister of Agriculture today concerning the reclamation and development of marshlands in the maritime provinces. Then we shall move that the house go into committee of supply and call two new departments. We shall not discuss the new items but proceed with the estimates of agriculture, transport, national health and welfare, and public works.

Mr. MILLER: What are the two new departments?

Mr. FOURNIER (Hull): Mines and Resources, and Secretary of State.

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

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

DEPARTMENT OF AGRICULTURE

15. Branch farms and stations and illustration stations, $3,372,320.

Health of animals—

17. Administration of Animal Contagious Diseases Act, and Meat and Canned Foods Act, $2,611,508.

18. Compensation for animals slaughtered, $507,845.

19. Live stock and poultry, $1,022,390.

Plant products—

20. Seeds, feeds, fertilizers, insecticides and fungicides control, including grant of $31,000 to Canadian Seed Growers' Association, $963,764.

21. Grants to fairs and exhibitions, under such terms and conditions as may be approved by the governor in council and subject to allocation by the treasury board, $382,400.

22. Grants to agricultural organizations, as detailed in the estimates, $43,500.

Marketing service—

23. Marketing service administration, $138,771.

24. Agricultural economics, $341,535.

25. Dairy products, $547,244.

26. Subsidies for cold storage warehouses under the Cold Storage Act, and grants, in the amounts detailed in the estimates, $730,494.

27. Fruits, vegetables and maple products, and honey, including grant of $5,000 to Canadian Horticultural Council, $823,000.

28. Live stock and livestock products, $965,787.

29. Marketing of agricultural products, including temporary appointments that may be required to be made notwithstanding anything contained in the Civil Service Act, the amount available for such appointments not to exceed $6,000, $25.000.

HOUSE OF COMMONS

Monday, May 31, 1948

The house met at three o'clock.

PRIVILEGE

MR. CHURCH—CANADIAN INTERNATIONAL TRADE FAIR

Mr. T. L. CHURCH (Broadview): As a matter of privilege, Mr. Speaker, I should like to call your attention and that of the members of the house to the Canadian international trade fair, a regular world fair in itself, which is being held for two weeks at the Canadian National Exhibition grounds. It was opened by His Excellency the Governor General, Viscount Alexander of Tunis, last Saturday, May 29, at which time you were present, Mr. Speaker, as well as representatives of all parties in the house.

The Canadian international trade fair contains exhibits from all over the world. I desire to congratulate not only the present Minister of Trade and Commerce (Mr. Howe) but his predecessor, the former Minister of Trade and Commerce (Mr. MacKinnon) and his deputy, Mr. M. W. Mackenzie, on the great success of this vast undertaking for the good of the people of Canada. It must have been a great revelation to our governor general, his wife and party; to you, Mr. Speaker; to the government and to all those representing both houses of parliament who attended the opening last Saturday. The exhibits from the dominions and also from Britain, France, Czechoslovakia, China, Brazil and all the countries on the seven seas were most outstanding. I wish to thank the board of trade, the Canadian Manufacturers Association, the Canadian National Exhibition authorities, and the mayor and the corporation of the city of Toronto for the co-operation they gave in this great national undertaking.

Yesterday I requested the chairman of the board of education, Mr. George Arnold—and also wired the chairman of the separate school board—to endeavour to secure a half holiday for the children so that they might visit this exhibition. I hope that all our members may see it before the end of next week when the Prime Minister (Mr. Mackenzie King) is to open Sunnybrook hospital in Toronto on Saturday, June 12.

Those who were there saw the value of continuing overseas trade with the sterling countries that have done so much in the past to develop the industries of this country and to provide markets for our great agricultural production, both in the overseas dominions and in many other countries of the seven seas; and they also saw the need of furthering such overseas trade accordingly, as this country has now become the fifth country of the world in foreign trade and commerce.

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): With your permission, Mr. Speaker, I should like to say that I was at the Canadian international trade fair, at which I saw you and many of our colleagues in the queen city of the hon. members for Broadview and Davenport. This international trade fair is something to see, because it shows the progress that Canadian industry has made. Exhibits from all over the world are on display. I hope that Canadians will take advantage of it to see for themselves, as we have done, the evidences there of the unbelievable progress that has been made by our industry.

May I say that the international trade fair will do more to promote Canadian trade throughout the world than any multilateral agreements concocted at Geneva and signed or amended at Havana or anywhere else. This is the sound practice of trade as exemplified by Abraham, by Jacob, and by Job after he became rich again—display; let people see what we have to sell. It is pure common sense. The practice of trade is ancient but it is not too old and odd, because it is based on common sense and the practice of the centuries.

Just one more word, Mr. Speaker: yesterday morning after attending church I was surprised to find that I had nothing to do in the city of Toronto, so I walked along the streets and admired the displays. I wish to congratulate especially the Robert Simpson company upon their magnificent display advertising the international trade fair. The way was paved by the former Minister of Trade and Commerce (Mr. MacKinnon)— the genial minister who sits near me—and his successor in office (Mr. Howe), who understand the importance of this matter; it is so important that it cannot be overlooked by any one of us. Therefore I was happy to

see you there, Mr. Speaker, as the first commoner, as well as many others who are our colleagues and friends. They did well to go to the fair, and I hope that their example will be followed by many for the benefit of the country at large.

Mr. J. H. MATTHEWS (Kootenay East): Mr. Speaker, I desire to associate myself with the remarks of the two previous speakers with respect to their visit to the international trade fair in Toronto over the week end. I should like to say, not only for myself but for the other members of this group who participated in that visit, that we appreciate the kind invitation of the government to be their guests on that occasion, and to express the great pleasure that was ours in visiting the fair. The government, and particularly the Department of Trade and Commerce, are to be congratulated on the efforts they have put forth in bringing to Canada the representatives of various countries and exhibits from those countries indicating what they have to sell to us; as well as showing what goods we can sell to them. While I understand this is the first great fair of its kind we have staged in Canada, I sincerely hope it will not be the last. My one regret is that all hon. members were not able to visit the fair; for I am sure those who did go brought back with them pleasant and profitable memories of what they saw and a definite impression of what we may hope for in the way of trade.

Once again I wish to thank the government for the kind invitation to visit the fair.

FIELD MARSHAL SMUTS

TELEGRAM FROM PRIME MINISTER OF CANADA FOLLOWING SOUTH AFRICAN ELECTION

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I notice a Reuters news agency dispatch from Pretoria which reads as follows:

> Prime Minister Mackenzie King has sent a telegram of good wishes and sympathy to General Jan Smuts after his defeat in the South African elections, it was disclosed here Saturday.

The dispatch is quite correct, but it may convey to some an erroneous impression as to the nature of the message sent. Of course I would not for a moment think of commenting upon the results of the election in South Africa, but Field Marshal Smuts is a very old personal friend, and when I read the results of the elections I followed my natural sympathies and inclinations in sending him a message. In order that there may be no mistake as to exactly what I said, and the purpose of the message, I think perhaps I should place it on record. The message is dated Ottawa, May 28, 1948, and reads as follows:

> Field Marshal Jan C. Smuts,
> Capetown,
> South Africa.
>
> Personal. I realize that it would be most improper for me to comment upon a matter so completely related to the domestic affairs of another nation of the commonwealth as that of the results of the general elections in South Africa. I hope, however, I may be permitted to say to you personally how very much I regret that at the end of a life so completely devoted to public service in your country and in the arena of world affairs you should have met with defeat in your own constituency, and that the results of the elections should have compelled your resignation as Prime Minister before the time came that you felt you, yourself, should lay down this high office. I hope the outcome may be for you a sense of relief from burdens which become increasingly heavy with the advance of years, and of freedom newly and honourably won for what may remain to you of the eventide of life. My warmest personal regards.
>
> W. L. Mackenzie King.

JUDGES ACT

DISCONTINUANCE OF SPECIAL SALARY FOR DIVORCE COURT JUDGE IN NOVA SCOTIA

Right Hon. J. L. ILSLEY (Minister of Justice) moved for leave to introduce Bill No. 329, to amend the Judges Act, 1946.

He said: This is a very brief bill. It strikes out the additional allowance for a divorce court judge in Nova Scotia. All the judges of the supreme court of Nova Scotia are now being given divorce jurisdiction; therefore it is not appropriate that there should be any special additional remuneration for any one of them.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

TRANS-CANADA AIR LINES—PURCHASE OF PLANES FROM CANADAIR LIMITED

Mr. SMITH (Calgary West):

1. How many two-motored planes are now owned by Trans-Canada Air Lines?
2. What is the make and type of each plane so owned?
3. How many four-motored planes are now owned by Trans-Canada Air Lines?
4. What is the make and type of each plane so owned?
5. How many four-motored planes have Trans-Canada Air Lines on order of which delivery has not yet been made?
6. What is the make and type of any such planes on order?

7. How many of the above-mentioned planes have been purchased for Trans-Canada Air Lines from Canadair Limited?
8. How many planes so purchased for Trans-Canada Air Lines are yet to be delivered by Canadair Limited?
9. What is the make and type of each plane?
10. What is the purchase price of each plane already delivered by Canadair Limited to Trans-Canada Air Lines?
11. What is the purchase price of each plane purchased and yet to be delivered by Canadair Limited to Trans-Canada Air Lines?
12. What amount of the purchase price in each case paid to Canadair Limited represents royalties paid to any United States aircraft manufacturers?
13. Has any commission been paid by Trans-Canada Air Lines to any person, firm or corporation in connection with the purchase of any of the above equipment?
14. If so, what are the particulars of any commission so paid?

Mr. McILRAITH:

1. Thirty-nine.
2. Three Douglas DC-3 Wright engined aircraft. Twenty-seven Douglas DC-3 Pratt & Whitney engined aircraft. Nine Lockheed Lodestar Pratt & Whitney engined aircraft.
3. Eighteen.
4. All Canadair North Star M 2.
5. Two.
6. Same as No. 4 above.
7. Eighteen aircraft referred to under No. 3 above.
8. Two.
9. Same as No. 4 above.
10. $660,000.
11. Same as No. 10 above.
12. Unknown.
13. No.
14. Not applicable.

PARI-MUTUEL BETTING

Mr. COLDWELL:

1. Has the dominion government figures on the amounts of money collected by the provinces of Canada as taxes on pari-mutuel betting during the last two fiscal years?
2. If so, what are these figures for each of the provinces?

Mr. McILRAITH:

1. Yes.

2. Provincial revenue from pari-mutuel betting (thousands of dollars):

	Fiscal years			
	1945-46	1946-47	1947-48*	1948-49*
Not applicable to Prince Edward Island, Nova Scotia and New Brunswick	....	....	....	....
Quebec†	....	....	....	....
Ontario	2,558	3,001	2,833	2,200
Manitoba†	....	....	....	....
Saskatchewan	35	42	40	40
Alberta	78	95	75	95
British Columbia‡	468	525	475	500

*Budget estimates except for Ontario, 1947-48, which is an interim figure of ten months actual and two months estimate.

†Not separable in public accounts.

‡Described in this provinces as a "races tax".

HEALTH INSURANCE—DOMINION COUNCIL OF HEALTH

Mr. TIMMINS:

1. What studies have been carried out by the department in respect to health insurance and in respect to a national health plan?
2. What persons have been engaged or retained in these studies and for what periods of time, and what amounts have been paid as salaries, emoluments, or otherwise, in respect to such studies?
3. How many full time, qualified doctors are now employed by the department on health insurance studies, where are they engaged, and what are their names?
4. What is the Dominion Council of Health, and what officers and staff are engaged in the work of the council?

Mr. MARTIN:

1. The 1945 dominion government proposals for health grants and health insurance have been under continuous study and review by members of the staff of the directorate of health insurance studies and the research division. In addition, as a part of an over-all study of social security, in which Dr. H. M. Cassidy of the university of Toronto acted as a technical adviser to the department, work was carried out in the health field by the directorate of health insurance studies and the research division.

2. Dr. Kenneth Gray and later Dr. J. L. Little succeeded the late Dr. J. J. Heagerty in directing health insurance studies. After Dr.

Little accepted the post of executive director of the national cancer institute Dr. B. D. B. Layton was temporarily released from his responsibilities as chief of the division of venereal disease control to continue the work in the health insurance planning field. Mr. J. W. Willard, officer in charge of the research division, formerly executive secretary of the Canadian medical procurement and assignment board, and one of those who directed the national health survey in 1943, has been in charge of the health program planning carried on by the research division in collaboration with the directorate of health insurance studies. Dr. Layton and Mr. Willard had the full-time assistance of the following research assistants: J. H. Horowicz, LL.D., Miss M. VanDusen, Mr. C. D. Allen, Mr. J. A. Macdonald and Miss B. J. Stewart, together with supporting clerical and stenographic staff.

With respect to specific grants under the health program various members of the departmental staff have been advisers: in the field of mental health, Dr. C. G. Stogdill, chief, mental health division; for general public health, Dr. H. A. Ansley, assistant director health services; for hospital construction, Mr. H. G. Hughes, chief, hospital design division and Dr. P. E. Moore, director, Indian health services; for crippled children, Dr. E. Couture, chief, child and maternal health division; and with respect to legal aspects of the program, Mr. R. E. Curran, legal adviser. It is not possible to assess the actual portion of the salaries of these advisers that should be allocated to health insurance planning. The deputy minister of national welfare, Dr. G. F. Davidson has made an invaluable contribution in an advisory capacity. A considerable portion of the time of the deputy minister of national health, Dr. G. D. W. Cameron, has been devoted to a study of various proposals and aspects of the health insurance program.

Annual salaries for above officials:

Dr. G. D. W. Cameron....	$10,000
Dr. G. F. Davidson.....	10,000
Dr. P. E. Moore.....	8,000
Dr. C. G. Stogdill.....	7,200
Mr. H. G. Hughes.....	6,900
Dr. H. A. Ansley.....	6,600
Dr. E. Couture.....	6,000
Dr. B. D. B. Layton.....	6,000
Mr. R. E. Curran.....	5,625
Mr. J. W. Willard.....	3,825
Dr. J. H. Horowicz.....	2,580
Miss B. J. Stuart.....	2,580
Mr. C. D. Allen.....	2,580
Mr. J. A. Macdonald.....	2,160
Miss M. VanDusen.....	2,064

[Mr. Martin.]

Fees and expenses paid to Dr. H. M. Cassidy—$3,496.70.

Travelling expenses incurred by departmental staff.

Dr. B. D. B. Layton.....	218.45
Mr. H. G. Hughes.....	144.78
Mr. J. W. Willard.....	139.91

3. It is anticipated that a nationally-known figure in the public health field will be appointed permanent director of health insurance studies within a few days. In addition to this director, Dr. B. D. B. Layton and Dr. C. G. Stogdill are presently employed full time on the health insurance program. Further, several other qualified doctors of the department are giving part-time service (see answer 2 above).

4. The dominion council of health was established under the Department of Health Act, 1919, to consist of the deputy minister of national health as chairman and the chief executive officer of the provincial department or board of health of each province, and such other persons, not to exceed five in number, as may be appointed by the governor in council to hold office for a period of three years.

The council was perpetuated by the Department of Pensions and National Health Act, 1928, and by the Department of National Health and Welfare Act, 1944.

The duties and powers of the council, as prescribed by order in council are:

(a) The consideration of matters relating to the promotion or preservation of the health of the people of Canada and the initiation of recommendations and proposals to the Minister of National Health and Welfare and other appropriate authorities in regard thereto; and

(b) The furnishing of advice to the Minister of National Health and Welfare in respect to the matters provided in section 5 of the Department of National Health and Welfare Act, relating to the promotion or preservation of the health of the people of Canada, over which the parliament of Canada has jurisdiction.

The deputy minister of national health acts as chairman of the council. The Department of National Health and Welfare employs a full-time secretary to the council, who is assisted when necessary by a stenographer who is also a member of the staff of the department.

POST OFFICES—SASKATCHEWAN

Mr. MENARY:

1. What are the names of postmasters in Aberdeen, Alvena, Cudworth, Wakaw, Dalmeny, Dundurn and Vonda?

2. What total remuneration did each such postmaster receive during the fiscal years 1946-47 and 1947-48?

3. What was the annual revenue of each such post office during the fiscal years aforesaid?

4. What was the amount paid for rent of premises during the fiscal years aforesaid, indicating to whom such rent was paid?

Mr. BERTRAND (Laurier):

1. Aberdeen, Nick Wiebe; Alvena, Michael Anton Tratch; Cudworth, Louis N. Schmidt; Wakaw, William Halbert; Dalmeny, Wilhelm Theodore Thiessen; Dundurn, John Thomas Shields; Vonda, John Arthur Fournier.

2.	1946–47	1947–48
Aberdeen	$ 1,676.27	$ 1,809.32
Alvena	1,460.67	1,494.67
Cudworth	2,066.26	2,325.38
Wakaw	2,698.15	3,153.38
Dalmeny	1,045.57	1,238.18
Dundurn	1,833.37	1,917.12
Vonda	1,765.73	1,888.26

3.	1946–47	1947–48
Aberdeen	$ 3,022.19	$ 3,310.57
Alvena	1,997.20	1,877.86
Cudworth	4,055.44	4,260.87
Wakaw	6,119.57	5,698.83
Dalmeny	1,563.34	1,544.04
Dundurn	3,384.10	3,768.66
Vonda	3,192.02	2,938.20

4. The postmasters provided their own quarters and the following allowances were paid towards their costs in this connection, these being included in the amounts mentioned in 2 above:

	1946–47	1947–48
Aberdeen	$ 195.78	$ 241.78
Alvena	156.00	159.78
Cudworth	250.00	324.44
Wakaw	320.73	489.57
Dalmeny	94.00	125.07
Dundurn	219.00	270.73
Vonda	219.00	255.36

CENSORSHIP—BOOKS

Mr. MENARY:

1. What is the name of the official responsible for the examination of books entering Canada?

2. What experience and qualifications has he for this position?

3. What are the names of persons on his staff?

4. What are the duties of each such person?

5. What experience and qualifications has each such person for such position?

6. Since January 1, 1946, how many books have been excluded as unfit for Canadian readers?

7. During the same period how many periodicals have been excluded?

Mr. WINTERS:

1. No single officer has the authority to determine what books shall be classified under item 1201 of the customs tariff. This is a general responsibility of the Department of National Revenue.

2. Answered by No. 1.

3. Answered by No. 1.

4. Answered by No. 1.

5. Answered by No. 1.

6. Since January 1, 1946, 55 books have been prohibited importation under item 1201 of the customs tariff as treasonable, seditious, immoral or indecent.

7. Since January 1, 1946, 24 periodicals have been prohibited importation under item 1201 of the customs tariff as treasonable, seditious, immoral or indecent.

FARM LOANS—"CANADIAN NEWSPAPER REPORTS OF 1946 OPERATIONS"

Mr. BARRETT:

1. Did the Farm Improvement Loans Act administration publish a pamphlet entitled "Canadian Newspaper Reports of 1946 Operations"?

2. If so, what was the purpose of the publication of this pamphlet?

3. What was the total number of copies issued?

4. To whom were they distributed?

5. What was the total cost of (a) preparation; (b) printing; (c) distribution, of this pamphlet?

Mr. BELZILE:

1. Yes.

2. To stimulate interest in and obtain publicity for farm improvement loans and in particular to encourage rural newspapers and farm periodicals to maintain a continuing interest in the loan activities under the act.

3. 5,370.

4. Banks, newspapers, farm and trade journals.

5. (a) $329.40; (b) $900.04 (revised figures); (c) $54.83.

FARMBOROUGH, QUE., MAIL SERVICE

Mr. CAOUETTE:

1. What was the salary paid to the postmaster of Farmborough, Quebec, when that post office was in operation?

2. Who has the contract for the conveyance of mails to Farmborough?

3. From what point does the said contractor convey such mails?

4. What is the contract price?

Mr. BERTRAND (Laurier):

1. $152.12 from 24th January to 3rd October, 1947.

2. There is no contract at present.

3 and 4. See answer to No. 2.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FILM BOARD—FILM PRODUCTION AND DISTRIBUTION

Mr. HANSELL:

1. How many films produced by the national film board were released in 1947 and what is the name and length of each film?

2. Which of these films were produced in 16 mm. size?

3. Which of these were silent and which were sound films?

4. How many films were produced in 1947 for the national film board by other film producers and what was the total cost?

5. In what foreign countries were national film board productions shown in 1947 and how many films were shown in each country?

Mr. WINTERS: Return tabled.

PASSPORTS—ADOPTED CHILDREN

Mr. CAMPBELL:

How many passports were issued to infants on the application of guardians during the calendar year 1947 and during 1948 to date?

RURAL MAIL SERVICE—NON-ACCEPTANCE OF TENDERS

Mr. GAGNON:

1. How many rural mail services have been discontinued following the refusal by the Post Office Department to accept the tenders, on the ground that the price submitted was too high?

2. How many in each province?

3. How many in each county of the province of Quebec and what are the said counties?

NORTHWEST TERRITORIES

ELECTRIC POWER PLANTS—PROVISION FOR ESTABLISHMENT OF POWER COMMISSION

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to facilitate the construction and operation of electric power plants in the Northwest Territories and the supplying of power thereby generated to mining and other interests. The bill provides for the establishment of a power commission as the authority to carry out the construction and operation of the projects referred to in the bill. Provision is made for advances of moneys from the consolidated revenue fund to the commission to enable it, if and when required, to carry out its undertakings with provision also for the remuneration to be paid the commissioners.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

[Mr. Bertrand (Laurier).]

YUKON ACT

AMENDMENTS RELATING TO THE GOVERNMENT OF YUKON TERRITORY

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to amend the Yukon Act to re-establish the positions of commissioner and of administrator of the Yukon Territory, to increase the indemnity of members of the Yukon council and provide for their travelling and living expenses, and for other purposes relating to the government of Yukon Territory.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

COMMONWEALTH CONFERENCE

PRESS REPORT AS TO PROBABLE MEETING IN LONDON

On the orders of the day:

Mr. GORDON GRAYDON (Peel): Mr. Speaker, a Canadian Press dispatch from London today indicates at least the probability, so far as press speculation is concerned, of a meeting of commonwealth prime ministers in July. Can the Prime Minister tell us how far the formal or informal discussions or negotiations have progressed toward that end?

Right Hon. W. L. MACKENZIE KING (Prime Minister): All I can say to my hon. friend is that there have been communications between the government of the United Kingdom and, I understand, all governments of different parts of the commonwealth respecting the holding of a meeting of prime ministers either some time in July or in the autumn. No final conclusion has been reached as yet; but as soon as a decision has been made I will give my hon. friend the information.

TRANS-CANADA AIR LINES

SASKATOON-VANCOUVER—SERVICE FROM MONTREAL TO PACIFIC COAST

On the orders of the day:

Mr. R. R. KNIGHT (Saskatoon City): Mr. Speaker, I sent a copy of a question to the Minister of Trade and Commerce (Mr. Howe), who is not in his seat. Perhaps in his absence the Minister of Transport (Mr. Chevrier) will answer. Is the Trans-Canada Air Lines service from Saskatoon to Vancouver to be

discontinued on June 1? If so, has the government considered establishing a service from Saskatoon to Calgary to link up the direct Trans-Canada service from Montreal to Vancouver?

Mr. G. J. McILRAITH (Parliamentary Assistant to the Minister of Trade and Commerce): Mr. Speaker, the answer to the first question is that the service will not be discontinued. It will still be available, although on a schedule different from the present one. The second question is answered by my answer to the first one.

Mr. KNIGHT: This would involve passengers staying overnight at Edmonton.

Mr. McILRAITH: I am sorry, but I cannot give the precise times of various connections.

Mr. KNIGHT: The point is that direct service—

Mr. SPEAKER: Order. The hon. member will realize that he cannot enter into a debate when asking a question.

FLOOD CONDITIONS

KIMBERLEY AND OTHER BRITISH COLUMBIA AREAS —QUESTION OF FEDERAL ASSISTANCE

On the orders of the day:

Mr. J. H. MATTHEWS (Kootenay East): Mr. Speaker, I should like to ask a question of the Prime Minister, a copy of which I have addressed to him. In view of the terrible flood damage sustained by the town of Kimberley, British Columbia, estimated to be well over $1,000,000, will the government give earnest consideration to the granting of some financial assistance to those who have been rendered homeless and who have lost their all? I may say, sir, that I have received a telegram from the mayor of Kimberley asking if it is possible to get some financial assistance from the government.

Mr. E. D. FULTON (Kamloops): Before the Prime Minister answers, may I ask if when he is answering he will deal with the whole problem in British Columbia because there are other areas in exactly the same position, and I had intended to ask a somewhat similar question.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, when I received a copy of the hon. member's question I did have prepared a statement to give to the house respecting the government's position in the matter of dealing with flood conditions, and the like, which I shall read to the house. I would however direct the hon. member's attention to the wording of his question. Judging from the text, it would appear to be more for the purpose of conveying certain information than of asking a question. I cannot take any responsibility for the accuracy of the statement that losses are over a million dollars, or that they are estimated as such. The question as to the government's being prepared to consider what it should do in a matter of this kind I shall be glad to answer. My answer, however, will relate rather to the general situation, as has been suggested by the hon. member for Kamloops.

I should add that on Friday last my colleague the Minister of Public Works (Mr. Fournier) dealt, I thought, rather fully with the situation when he replied to a question put by the hon. member for Fraser Valley (Mr. Cruickshank). I shall now supplement, if not repeat, what the Minister of Public Works said on that occasion.

The responsibility for assistance to those suffering from floods and similar disasters of nature lies with provincial governments and local communities, as well as with non-governmental organizations such as the Red Cross, to which voluntary contributions have been made for this purpose. The government has no reason to believe at this time that these authorities and organizations will not be able to discharge their responsibilities in dealing with the unfortunate sufferers from the disastrous floods that have recently occurred in British Columbia and elsewhere in western Canada. The dominion has not the constitutional responsibility for dealing directly with assistance to victims of local disasters.

I assume that if the situation is such that the provinces in which these disasters occur would feel the necessity of financial assistance from the federal government, the government would be so advised by the provinces themselves. I do not believe we would be expected to act on communications received from municipalities. Municipalities would communicate with provinces in the first instance, and our action would be taken in the light of representations that might be made by provinces concerned.

Mr. FULTON: In the light of the statement the Prime Minister has just given, would he care to make further comment on a report which appeared in the press to the effect that the Minister of Trade and Commerce (Mr. Howe), who is now out in British Columbia, is reported to have said that the dominion gov-

ernment would put up dollar for dollar with the provincial government in providing relief for the flood victims. I wonder if the Prime Minister would amplify his own statement.

Mr. MACKENZIE KING: First of all, I have not seen the statement to which my hon. friend refers, although I have no doubt he has reported it correctly. I would wish to communicate with the Minister of Trade and Commerce himself as to what he may or may not have said before I would attempt to answer.

MARSHLANDS

RECLAMATION AND DEVELOPMENT—ASSISTANCE TO MARITIME PROVINCES

Right Hon. J. G. GARDINER (Minister of Agriculture) moved the second reading of Bill No. 328, respecting the reclamation and development of marshlands in Nova Scotia, New Brunswick and Prince Edward Island.

Mr. P. C. BLACK (Cumberland): Mr. Speaker, I regret I was not in the house last week when the resolution was introduced. I was visiting Nova Scotia, the first opportunity I had to do so since Easter. Those of us who come from outlying sections of Canada are at a great disadvantage, as compared with those from central Canada, in the matter of visiting their homes and constituencies.

I appreciate greatly the action of the minister and the government in introducing this legislation and in making these proposals providing for large appropriations for the reclamation and drainage of the marshlands of Nova Scotia, New Brunswick and Prince Edward Island. I also appreciate the sympathetic response the measure has had since it has been before the house, from all hon. members.

I had occasion to bring this matter up soon after I came to Ottawa in 1940, at which time I made a comparison of the negligible expenditures made in the maritimes with those which had been made in western Canada in connection with prairie farm rehabilitation.

No proposal had more wholehearted support from all members of the committee on reconstruction and rehabilitation than the proposal for the reclamation of marshlands in the maritimes. My colleague from Nova Scotia, the senior member for Halifax (Mr. Isnor) was so much impressed by the soundness of the proposal that he placed on the order paper a motion recommending action in this regard. Expenditures amounting to about $25,000,000, beginning back in 1935 under a previous government, have been made in the west, with many millions more for irrigation. Those expenditures have been made from year to year by the present government under the direction of the Minister of Agriculture (Mr. Gardiner), but there has been very little for the maritimes.

I have had a number of discussions personally with the minister about the reclamation and drainage of our marshlands, and I have been satisfied from the beginning the project had his support. It also has the support of the deputy minister, the director of experimental farms, and the officials of the department. It has had the active support of the governments of Nova Scotia and New Brunswick. The premiers and the ministers of agriculture of those provinces came to Ottawa to make representations before the committee on reconstruction and rehabilitation. The committee made a favourable report to parliament which was adopted unanimously. We have been disappointed in the delay in making that report effective.

The appropriations which are being made on the definite recommendations of the provincial governments are generous, although they may not be sufficient in view of today's costs. If the pioneer owners of years ago had had anything like this assistance in bringing their marshlands to a high state of fertility, they would not have believed it possible.

I have not had an opportunity to read the debate of Friday, nor have I had time to examine the bill now before the house for second reading; therefore I shall not be able to deal with the details. It is recognized that the farm lands at the head of the bay of Fundy are the very basis of agricultural activity and prosperity in eastern Canada. This proposal will mean the reclamation of these lands. Many acres of uplands should be restored also to a high state of production, as in the past, as far as twenty miles from the marshlands.

Under this legislation a responsibility is being imposed upon the marshland owners. While they are receiving what would be called generous support from this government and the provincial governments, a responsibility still rests upon them. Costs today are many times what they were a few years ago when the pioneers undertook the reclamation of these marshlands by the building of dikes and aboiteaux. Practically all that work was done by hand labour, but today it must be done by machinery. One of the necessities in undertaking this program is the designing and construction of the proper machinery for the handling of marsh mud. A committee has been doing such work in Nova Scotia and New Brunswick, but machines to make the smaller ditches have not been perfected.

Farmers and marshland owners have a responsibility to rebuild barns for storage pur-

poses. There is on some areas only one storage barn today where there were ten or fifty years ago. The cost of building or restoring barns is much more today than it was when the former barns were constructed. This will mean a large outlay on the part of marshland owners. While they appreciate what is being done, there may be some who will not be disposed or able to take advantage of what is being done for the whole area.

I would say to the marshland owners that if they have not confidence in this program they should hand over their marsh properties to others who will work with the governments. If there are not enough men locally to undertake full cultivation, then the government should bring in immigrants from Holland, Normandy and other European countries. There are many people in the old country who have had experience in agriculture under conditions something like these, although they have not had to deal with the tides we have. I think it was said the other day that the tides run as high as sixty feet. That is an extraordinary tide, but the usual high tides run to almost fifty feet.

I suggest to the minister that the experimental farm should take over some new areas of average quality marshlands. They should take a block of at least 100 acres, bring it to a high state of fertility and show the public what can be done in the production of hay. It would be an example to the farmers as to costs and quality of crop in that area stretching from Annapolis county to the riding of the hon. member for Saint John-Albert (Mr. Hazen).

A large block should be put into pasturage, because this is the best type of soil for pasturage purposes. Another block should be taken over for experimental purposes in the production of cereal and root crops.

This area should be the best live stock and dairy district in eastern Canada. For that reason alone I am going to support the dairy interests in their stand against the manufacture and importation of oleomargarine. We should give the dairy interests every possible encouragement in order that this may be made the finest dairying section in all Canada.

I do not know that there is much more that I need to say. On behalf of the marshland owners and agricultural interests in the maritime provinces I express appreciation of what the minister and the federal government and the provincial governments are doing. I appeal to the marshland owners that they respond wholeheartedly, and I hope that it will revive agriculture in eastern Canada.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I commend this bill to the house. In the province of Ontario there is a very warm feeling in regard to the development of the maritime provinces, and there always has been, partly because there is such a large number of the Scottish race in our province.

In 1923 I brought in a bill for a national fuel policy, which would have been of great assistance to the maritime provinces. I urged the repairing of the dikes and breakwaters, many of which were erected by the early French settlers. I again urged this policy, which would have aided in the development of the maritimes, in 1916 when I saw the 75th battalion off at Halifax; I made an address there in which I urged a federal hydro policy, a national coal policy, reclamation of marshlands, and flood control.

This bill is limited to the three maritime provinces, and includes not only the reclamation of the marshlands but other benefits which are most commendable. I believe that such a policy is in the public interest for all the provinces as well as the maritimes. I hope that the work will be carried on expeditiously.

Mr. GORDON GRAYDON (Peel): Mr. Speaker, matters affecting the maritimes should not be discussed only when we have by-elections or other situations which encourage people to make favourable statements to please certain parts of Canada. There is no such situation at the moment. I agree with the hon. member for Broadview (Mr. Church) that there is a very warm feeling in the province of Ontario toward the maritime provinces and a desire to help them where help can be given. I was one of those who went down to add my little weight, which turned out to be very small, in the Halifax by-election—

Mr. ISNOR: We were pleased to see you.

Mr. GRAYDON: That was the trouble. I think you were glad to have me because you thought I might help your side. In any event I did not greatly help those I was trying to help, but I have always appreciated the hospitality that is so characteristic of the maritimes, and it was not lacking on that occasion. My hon. friend is fortunate in that he comes from a part of Canada which has that quality so well developed, and it is one of his own personal characteristics. At the time, as one coming from central Canada, I took a strong stand in favour of the development of the maritime provinces, and what I said was not prompted only by the occasion; because there has always been in central Canada a strong feeling, much stronger than our maritime friends sometimes realize, in favour of the development of the maritimes and doing what we can to see them get on their feet again.

It has often been said that prosperity in the world is indivisible, just as peace and war are indivisible. Certainly we cannot have a prosperous Canada if sections here and there are not prosperous. The disabilities under which the maritime provinces suffer have often been pointed out in this house, with much greater eloquence, perhaps with much more conviction, and certainly with more knowledge, than may be attached to my words. Sometimes I fancy the members from the maritimes are a little diffident about stating their disabilities, because they are a modest people and do not like to spread their woes and troubles across other parts of this land. Nevertheless the maritime provinces suffer from certain disadvantages, and I think this house ought to know that those who come from other parts of Canada are concerned in their problems and are prepared to help them in any practicable way. I realize that there are many obstacles, but we as a parliament and as a country ought to set our sights high in endeavouring to bring back the maritimes to what they ought to be—an integral part of this great dominion, flourishing and prosperous. The particular proposal in this bill cannot perhaps be regarded as a major factor in bringing the maritimes back to prosperity, but it is a step in the right direction. I would like to see more steps in this direction taken from time to time, because despite what has been said in the past, a goodly measure of support for maritime development will come from other parts of Canada, and this the people of the maritimes have perhaps not always expected.

As I went through the marshlands on one or two occasions I realized, as everyone must who sees them, the need for this kind of work. It seems to me that we should look upon it as just a beginning of a forward movement in the provinces down by the sea. I hope that this government and succeeding governments will take it as a precedent and will see that Canada throws its full weight behind many more such moves, to show that this country recognizes what the maritimes have done for Canada and that it is not going to forget those great contributions now.

While I cannot speak with the knowledge and experience of the hon. member for Davenport (Mr. MacNicol) or the hon. member for Cumberland (Mr. Black) with reference to this particular proposal, I would like the people of the maritimes to know that there are large numbers of people all over Canada who are greatly concerned in the advancement and promotion and return to prosperity of the maritimes. It is something we have very much at heart, and I hope that similar assistance will be given to the maritime provinces in other directions, because they have many other problems; we should not stop with the reclamation of the marshlands, but go on from time to time in an effort to remove their disabilities so that they may enjoy the prosperity that many other parts of Canada enjoy. I am hopeful, Mr. Speaker, that in the days to come that will be done.

My sole object in rising was to lend support to this undertaking, because there are many who regard the maritimers as great people in our political, economic and national life.

Mr. WILLIAM BRYCE (Selkirk): It is on very few occasions that I can rise in this house and endorse what a Conservative has said on this particular issue. On this occasion I do support the scheme that the Minister of Agriculture (Mr. Gardiner) has introduced in the house. I spent my boyhood days beside a tidal river, and perhaps I understand this proposal a little better than other hon. members who have supported it. I think I am quite safe in speaking for this group. I support the scheme and hope it will have all the success that the minister holds out for it.

Mr. C. T. RICHARD (Gloucester): Mr. Speaker, I had not intended to say anything on this bill, but after listening to the last three speakers I am glad to know that after so many years the economic situation of the maritimes is arousing a certain interest throughout the rest of Canada. I know that these marshlands can be made very valuable. I wish particularly to thank the two hon. members from Ontario for having said that the economic conditions of the maritimes are appreciated and understood, and that a solution of these conditions is looked for by people in other parts of Canada. I want to impress upon the house the truth of the words used by one hon. member when he said that what is good for one section of Canada is good for the whole of Canada.

This confederation of ours is just as strong as the weakest link. If the maritime provinces are weak, it will mean a weak confederation of provinces. We all know that the economic situation of the maritimes is subnormal, and that that condition has existed for years. In order to appreciate the situation one must go back to the remote past. Some writer has said that the present is intelligible only in the light of the past. In order to understand the economic situation of the maritimes today we must go back to pre-confederation days. The other day one speaker referred to the promises that had been made to the maritime provinces when confederation was consummated. It might be wise for some hon. members to read the

speeches of the fathers of confederation, and to learn from those speeches what was the economic situation of the maritime provinces at that time. It was higher than anywhere else in Canada, but it fell on the consummation of confederation. We must ascertain the causes of that, and try to find a remedy. It will not be simple. In the maritimes we do not demand that certain public works be undertaken just for the sake of spending money. We want to bring the economic situation of the maritimes on a par with that of the other provinces. I think this is a beginning.

As one hon. member said a while ago, there are other projects which might be undertaken there. There is one right next door to this project of marsh reclamation, namely, the Chignecto canal. That could be studied. In the maritime provinces we have all contributed our share to public works in the development of the rest of Canada, and we want the rest of Canada to come to our assistance and to study our situation. There are other projects we might study. There is the question of the development of our coal fields, our ports and our fisheries. I am glad to hear, therefore, that hon. members from other parts of the dominion feel that the maritime provinces deserve special study with a view to bringing us up to the point where we can hold our heads high with pride and march along with the other provinces of Canada.

Mr. ROBERT FAIR (Battle River): While those of us in the Social Credit group live a long way from the part of the country which is affected by this bill, we have great pleasure in supporting the views expressed by other hon. members. I feel that every part of Canada has its own particular problems. In the prairies we realize that we have problems which are not confronted in other parts of the dominion, and we know that in the maritimes they have their own particular problems. As the hon. member who has just taken his seat has said, we should all work for the betterment of Canada. To that end we in this group are certainly doing our utmost.

Mr. N. J. M. LOCKHART (Lincoln): Mr. Speaker, I just want to add one word. I presume that the minister will have something further to say on this matter. When he replies I trust that he will explain to the house why this bill is so specific. The hon. member for Gloucester (Mr. Richard) referred to another project which was closely allied to the marshlands. I have in mind certain other things which might be included. I am thinking of all-embracing projects which might be of general benefit to Canada as a whole—fuel supplies, and matters of the kind. Why is this legislation so specific? There may be a reason for it. When the minister replies perhaps he will cover that point.

Mr. JOHN R. MacNICOL (Davenport): It certainly is very pleasant to my ears to hear hon. members from all parts of the house speak unanimously in favour of maritime reclamation. I have been preaching reclamation so long myself that I am glad to see others doing the same thing. I hope that the remarks made today will have a wholesome effect on some certain columnists.

On Tuesday last I made some remarks on another matter in connection with the maritimes, and hon. members and the press were generally unanimous in their support; but one columnist of our great papers failed to see that reclamation of the maritimes and reclamation of the west would mean prosperity for Ontario. I might say that it was not an editorial writer who expressed that opinion; it was one of the writers for the paper in question. I cannot understand that, because anyone who thinks for a moment—I mean a Torontonian, a Hamiltonian or anyone else living in Ontario—will know that prosperity in every other part of Canada means prosperity for Toronto and Canada. This particular writer did take quite a fling at me. I do not mind that; it is like water under the bridge. So long as I feel I am doing my duty, and can satisfy my conscience that I am right, I do not care a fig what anyone else thinks against what I say. I do the best I can.

This measure is being initiated by the present Minister of Agriculture (Mr. Gardiner). As I said on Friday, I believe he is the first minister who has really put his teeth into the problem, and I have no hesitation in saying again that he deserves credit for the action he has taken. It has been talked about on many occasions in the house by the hon. member for Cumberland (Mr. Black), who has been persistent in asking for action in the matter.

Last October the hon. member for Cumberland took out his car after I had landed in his city and drove me over parts of these marsh areas, particularly through the part about which he was speaking today, where the agricultural college is situated. I have always been happy to support what the maritime members have said. They knew their problem, but they did not get very much attention paid to it. It is a delight to me to see them now all receiving support of what they have been fighting for for years. I should just ask if the minister will apply

similar reclamation measures to marshlands or flooded lands in Ontario. Recently I was in the onion area in Kent county, western Ontario, an area which the minister knows about. Some 2,000 acres of rich onion land in Kent county are threatened every day with flooding. I hope he will consider making sure that those rich lands in Kent county will also receive consideration.

One further word. The house will support a program like this, and it will support similar programs in other parts of Canada. It must be a comfort to the minister to know that when a reasonable proposal is brought forward, non-politically—and this is entirely non-political—it will receive consideration. I presume that the reclamation departments or the public works departments of the three maritime provinces will co-operate in the whole program. When the bill is in committee I shall have some questions to ask about the organization which is to control the various projects. In New Brunswick considerable study has been made of the question of reclamation of marshlands. On Friday I referred to a bill which was passed last year, I believe. It was a good bill. If the minister has not a copy of it, I shall be glad to send one over to him.

Mr. GARDINER: I have it. Nova Scotia passed one, too.

Mr. MacNICOL: The bill I referred to on Friday pertains to Albert county in New Brunswick. Apparently the maritimes are working together harmoniously and co-operatively. If everyone does that, we will be sure to get somewhere.

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, it is remarkable to see the degree of unanimity which on occasion can be found in this house when a matter of national importance comes before it. I listened with interest to the remarks of my colleague, the hon. member for Cumberland (Mr. Black), and also to those of the hon. member for Gloucester (Mr. Richard). They could not but have a profound effect on the thinking of all of us in this house. The bill now before us represents an attempt on the part of the national authority to meet a situation prevailing in one or more provinces. It would have been easy for the government to say that this matter was one of municipal or of provincial jurisdiction rather than to do what they did—recognize that the improvement and reclamation of the areas in question are necessary to the welfare of all parts of Canada.

[Mr. MacNicol.]

As one who lives on the prairies I want to say to those who come from the maritimes that over the years we have been appreciative of the wonderful spirit of helpfulness shown to us by members from all other parts of Canada in the difficult days of drought through which we passed. In supporting this measure we but show our appreciation of the support that has been given to us over the years.

There is one further thing I want to say in this connection. I said at the beginning that it would have been easy to say that this is a matter of provincial or municipal responsibility. We should realize that conditions of distress prevailing in British Columbia, while local in extent, may amount to a disaster national in scope. I hope that the responsibility of providing compensation to the flood sufferers will not be placed upon the municipal or provincial authorities in British Columbia. That matter too is a one of national importance; the support of all members in this house must be secured to the end that compensation may be provided nationally, not provincially, to those who have suffered. The same spirit in which hon. members in all parts of this house support the need for reclamation in Nova Scotia calls for a recognition of conditions in British Columbia as a matter of national responsibility.

Right Hon. J. G. GARDINER (Minister of Agriculture): I should like to reply to one or two of the remarks which have been made and some of the questions which have been asked.

The question was asked why the bill is confined to this one objective. I would answer that by saying that this is a question which has been under discussion for a long time. Some hon. members have referred to the fact that it has been discussed throughout the whole period that I have been here as Minister of Agriculture. That is thirteen years now. I know it was discussed before that, because this ten-acre plot we have—it is a small acreage compared with that suggested by the hon. member for Cumberland (Mr. Black)—which is associated with the experimental farm, was taken over the year before, so that is fourteen years ago; and I presume there was discussion about it prior to that.

Naturally at the beginning, as in all proposals of this kind, we were confronted with the question of responsibility. Our constitution lays it down that a certain authority has the right to collect revenues from certain sources, or to give the right to other bodies,

such as municipal bodies, to collect funds from certain sources, and that then, as a result of having that right, they become responsible for doing certain types of work. I think that is generally acknowledged by all political parties right across Canada, and they have been inclined to adhere to that principle. But I am inclined to think that there are many developments which cannot take place on the basis that all funds that are collected must be charged up to lands affected by the expenditures. It has been proven, for example, over a long period of years, that it is impossible to have irrigation developments based upon the price of the land that will benefit thereby. The same is true with regard to projects of this kind. In other words you cannot just say that you can apply a certain method of revenue collection and then take sufficient out of the land affected by the expenditure to pay all the capital costs and other costs of making use of the water, or whatever it may be, in order to make it possible for people to live there. The theory is that somebody must step in and spend money in order to make the project a possibility at all, and that when that money is expended, others can make charges against the land or on the province as a whole and go on with further developments.

When we started to discuss this project that is the one question which always came up: this is a provincial responsibility. The provinces and the dominion were inclined to try to get a bill which would cover all these different projects. Two years ago we had one drafted to bring into the house, but for certain reasons I do not need to discuss now it has not reached the house. So, having reached that stage I rather took the position that it would be very much better to take some of these larger projects, which everyone is disposed to agree ought to be proceeded with, and pass a bill having to do with each, in order to get on with the work.

This bill does not bring up for discussion the hundred and one other ideas that people have with regard to drainage and everything else that might be involved. For the time being we are concentrating on the marshlands and the necessity of having dikes before those marshlands can be utilized at all. The difference between ourselves and the provinces, to begin with, had to do with where we should divide responsibility. As long as we maintained the attitude that we were going to spend one-third, the provinces one-third and those who were to utilize the land one-third, and that we would get it all into one vote and do this, that and the other thing with it, we were not able to get very far, because we could not agree on the various details. This bill, therefore, says the federal government will do the thing someone has to do before anything else can be done—that is, keep the sea out. This bill says we will build the dikes and we will build the aboiteaux in connection with those dikes. We will keep the water out; and the provinces say: If you keep the water out we will start to do the things that must be done behind the dikes before the individual farmers can utilize the land. Then they set up legislation which makes provision for the construction of laterals, in the first place, and for the maintenance of those laterals after they are constructed.

That is the principle on which we are proceeding. In order to eliminate everything else we have confined this bill, as far as we are concerned, to the building of the dikes; then the provinces may undertake, in written agreements which will be signed under the terms of this bill, to do certain things behind those dikes after they are constructed.

Mr. LOCKHART: This would not apply, I take it, to any other project where dikes had to be built and water kept out?

Mr. GARDINER: It applies generally speaking to all the lands in the maritime provinces that require to be diked, but not to anything outside those provinces. There would have to be separate legislation if we were going outside the maritimes. This has to do with the maritimes provinces only, and the necessary diking in connection with these lands. That is one question which some hon. members have been asking, and I wanted to clear it up.

Another question was suggested by the hon. member for Davenport, as to the set-up. I have in my hand a record of what has been done by the governments of Nova Scotia and New Brunswick; and the only reason similar action has not been taken by Prince Edward Island is that up to the present the question has not been discussed in relation to that province. But there are some small areas that require diking in Prince Edward Island, and we thought it well to include them in this bill while we are covering the other two provinces.

Both Nova Scotia and New Brunswick have advisory boards or committees. They have both appointed the same chairman, W. W. Baird, superintendent of the experimental farm at Nappan. Each board has also appointed the same secretary, who is George R. Smith,

of Truro, Nova Scotia. They have a common chairman, therefore, and a common secretary. The New Brunswick board is composed of J. A. Roberts, director of agricultural engineering services of the department of agriculture at Fredericton; Donald C. Oxley, assistant district highway engineer of the department of public works, Sussex; W. C. Harper, farmer, of Sackville, and Roy Tingley, farmer, of Midway. Nova Scotia has appointed John E. Belliveau, chief engineer of the department of highways; Angus Banting, agricultural engineer, department of agriculture; Charles Logan, of Amherst, Nova Scotia, and Lebaron Troop, of Granville Centre. These men form the advisory committees mentioned in the bill; and I am sure the same committees would be continued. These men have made a thorough study of the whole situation and have advised in connection with the activities that are to be undertaken under the bill.

I do not think it is necessary for me to say anything more at this time. If hon. members desire to ask questions when the bill is in committee I shall be glad to try to answer them. I only want to join with other hon. members in saying that we feel that in dealing with these larger projects consideration should be given to the possibility of the federal government doing the thing no other single authority can do in order to make it possible for those who must assume responsibility after this work is completed to carry out their responsibilities in that connection. This is the idea that has entered into the development of works under the Prairie Farm Rehabilitation Act in the prairie provinces. It is the idea behind what we have begun to undertake in British Columbia during the last two or three years, which possibly will be discussed still further on my estimates. It is the thing which has been considered also in relation to the central provinces, but which so far has been put into effect only during periods when relief has been required, in connection with flooding on some of the rivers, the cleaning out of river basins and other activities that have been carried on in central Canada. As has been said, however, this is a beginning, and we hope it will aid in the general development right across Canada.

I agree with what has been said as to the necessity for development in the maritimes. I have travelled extensively across Canada. I have never had any personal interest in the maritimes, but I have never gone there without feeling that there may be some reason for the suggestion so often advanced that they did not gain from confederation as much as might have been expected. One has only to look around when there to realize that; and I am satisfied that one of the main tasks we ought to undertake here in Ottawa is the removal of any such feeling from the minds of people in any part of Canada by doing the things that are essential to their development. If this is a step in that direction, then I hope it may not be the end, but that we may have results from this beginning which will be beneficial to the whole dominion.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Short title.

Mr. HAZEN: How many acres of the marshlands which this bill will affect are in Prince Edward Island, how many in Nova Scotia, and how many in New Brunswick? What is the average acreage owned by the different landowners in New Brunswick?

The CHAIRMAN: I suggest those questions might more properly be asked on section 3.

Mr. HAZEN: Very well.

Section agreed to.

Section 2 agreed to.

On section 3—Minister may construct dikes, etc.

Mr. HAZEN: I should like to add one or two further questions in connection with section 3. Perhaps the first is a minor one, but I note that in line 14 the word used is "aboiteaux"; I suggest it should be "aboideaux". I do not know where the spelling with the letter "t" was found, but I have looked it up in Funk and Wagnalls New Standard dictionary and I find the word is spelled "aboideaux". I have been familiar with this word for some time, and I discovered that perhaps it is the one word which originated in the maritime provinces and has become part of the English language. My suggestion is that the spelling be changed to "aboideaux".

In the New Standard dictionary the word is spelled "aboideaux" and is described as a noun; there is a note that it originated in New Brunswick. It is defined as a dike—and perhaps the definition is not a good one—to exclude tidewater from low land.

Mr. GARDINER: I do not think that is what this is.

Mr. HAZEN: Will the minister look into that point?

Mr. GARDINER: I shall be pleased to look into it, but I hesitate to change the word. The word is not mine, but rather that of the

draftsman. In connection with the definition just given, I would say it is my understanding that this applies only to the gate in the dike.

Mr. HAZEN: Exactly.

Mr. GARDINER: The word meaning a gate may be different from the word the definition of which the hon. member has just read, which defines it as a dike to exclude water from certain land. That is not what this is intended to be, because we have covered that by using the word "dike". An aboiteau, as mentioned in the bill, is just the frame for, and valve which swings on hinges, as was described a few days ago by the hon. member for Davenport. The dike is something different altogether.

Mr. HAZEN: But it is the intention of the dominion government to build these aboideaux?

Mr. GARDINER: Yes.

Mr. HAZEN: I do not profess to be an authority on these matters, but I do believe the correct word should be used.

On Friday the minister told us that part of the money to be spent by the dominion government on this plan will be used for surveys and plans, to an estimated amount of $40,000. As I read the section the minister is given authority to construct and reconstruct and to assist the provinces of Nova Scotia, New Brunswick and Prince Edward Island in the construction and reconstruction of dikes, aboiteaux and breakwaters. I was wondering if at the end of that section we should add, "and to give authority to make surveys and plans for that purpose". No mention is made in the section that the minister has authority to make plans and surveys, unless such is implied.

Mr. GARDINER: The Department of Justice considers that it is implied.

In connection with the spelling of the word, may I point out that I have here the submissions made by the provinces, and they spell it the way it appears in the bill. The draftsmen have checked the word and have used the same spelling. As a matter of fact I was corrected when I used the other spelling, and I take it from that there is some reason for spelling the word as we have it in the bill. Perhaps we should leave it that way.

With respect to the acreage covered in each of the provinces, let me point out that the bill is not confined to any definite acreage. Under the bill it is possible to carry on in connection with any acreage in those three provinces which may be affected by this measure. We estimate that it covers about 80,000 acres. I believe there are only two small areas in Prince Edward Island, comprising perhaps a few hundred acres. I should say about sixty per cent is in Nova Scotia and about forty per cent in New Brunswick, and it is about on that basis the division of funds has been made in the last two or three years in making repairs.

Section 3 of the bill sets out what the dominion government is supposed to do. It states:

> Subject to the provisions of this act, the minister may, for the reclamation and development of marshlands in the provinces of Nova Scotia, New Brunswick, and Prince Edward Island, construct and reconstruct and assist the provinces of Nova Scotia, New Brunswick and Prince Edward Island in the construction and reconstruction of dikes, aboiteaux and breakwaters.

That is all my department can do. The next section states:

> No work shall be undertaken in any province pursuant to this act unless . . .

And so on. Paragraph (b) states what the province undertakes to do. Those two sections separate what the federal government is going to do from what the provincial governments are to do. The section we are now discussing says that the dominion is to build these outer works. Perhaps I should add that a short time ago the premiers of New Brunswick and Nova Scotia were here, along with their officials, and they made submissions to the dominion government as to what they thought they should do. There is only one difference between what they submitted and what is provided in the bill, and that is on the question whether we should do work behind the dikes. The only work which was suggested we might do behind the dikes was the building of main canals and the cleaning of old canals and creeks which had become more or less blocked. We have decided that the dikes should be the place where the division of responsibility is made. We build the dikes and make it possible for all the other works to be carried on behind the dikes, but we thought the responsibility for those works should rest with the provinces.

Mr. HAZEN: About this word "aboiteaux", before I came into the house this afternoon I examined three standard dictionaries and I could not find "aboiteaux" in any of them. I suggest that the minister change the spelling before the third reading if "aboiteaux" is not correct.

Mr. GARDINER: We will do that.

Mr. HAZEN: How many owners are there of these 80,000 acres? What is the maximum

acreage owned by any owner? What is the average acreage? What is the value of the land today? What is it estimated the value will be after the improvements are made?

Mr. GARDINER: I am sorry that I have not information as to the average acreage, but from what I saw of the area down there—my hon. friend probably knows a great deal more about it—the farms together with the marshlands would be around a hundred acres, similar to the family-sized farms in other parts of eastern Canada. According to the statement made by the committee which reported upon it, the lands were valued at from $80 to $200 per acre in 1911. I understand that in recent years the valuation has been from $50 to $80 per acre. I presume the objective we would have in mind would be to raise the values to what they were at the earlier stage.

I want to repeat what I said on second reading. If we had followed the general reasoning that passes through people's minds with regard to this kind of thing we would never do it. If you take the cost of these outer works and apply it against the acreage and say that the land must be saleable at the total cost, you would never undertake it. If we approached it from that point of view we would stop right here. That was the main difficulty I had to overcome as the minister who was responsible for convincing the officials and others. I am sure that if we went back and discussed it again we would arrive at just the same place, that these lands probably will never sell at enough to cover the cost of the dikes plus all the other works that must be erected in order to utilize the land. For that reason I do not think it is important that we should argue the matter from that point of view. My memory is that the cost involved would run it up to somewhere between $150 to $200 per acre.

Mr. BLACK (Cumberland): I think the estimate of the minister is correct. Land at the experimental farm has been brought to a high state of cultivation and in a good year it will grow three tons of excellent timothy and clover hay. Such land is worth $200 per acre. Of course the cost of maintaining it in that state of cultivation would be high. It will take a few years, but I think this land should be brought to a state of cultivation where it would have a value of around $150 per acre.

With regard to the word "aboideau", I remember the first address I made in the house dealing with marshlands in 1940 or 1941. At that time I used the word "aboideaux", and my recollection is that Mr. Young called me in and asked what the word was so that it could be checked as to spelling. A search was made and they found the word referred to by the hon. member for St. John-Albert.

There was another word used by the old Acadians; it sounded like "pamang". I am afraid I do not know how to spell this word. It refers to the method of using sod in building the face of dikes. This is one problem which will have to be faced by the commission that is to have the responsibility of building these dikes. When the early Acadians built their dikes they retained the sod on the face in a rhombus shape with the grass against the tide. One sod was fitted into another to form the early dikes.

Mr. MacNICOL: Have plans been submitted for constructing the aboideaux? Are there to be concrete walls into which the aboideaux will be fitted or will a framework be used?

Mr. GARDINER: I understand it is to be the old style construction of wood and brush.

Mr. MacNICOL: It was that type of construction that really permitted the whole business to break down. The water got around the framework and washed backward and forward as the tide came in. They were not looked after and finally the whole thing was destroyed. I have sufficient confidence in the engineers to know that proper construction will be used. This is really the important part of the whole dike.

Mr. BLACK (Cumberland): Locally "aboideaux" means the whole structure across the stream or drainage channel, not just the sluiceway. The sluiceways have always been built of wood. As they are kept continuously wet with salt water there is little deterioration. Aboideaux built by the Acadians 200 and more years ago are still there. Deterioration occurs by the water washing away the earth around the sluiceway and undermining the whole aboideau.

It takes a great deal of practical skill to construct these aboideaux. Most of the men experienced in this work have passed away. One of the last of them was Mr. John Lusby of the town of Amherst, Nova Scotia, who died about a year ago. Because of his wide practical experience he was called into consultation by the two provinces. An engineer, unless he has practical knowledge and can by study acquaint himself with the requirements will have considerable responsibility on his shoulders in placing these aboideaux, embedding them with brush, then the woodwork, and then the top. It is quite an undertaking.

Mr. RICHARD (Gloucester): I have listened with a great deal of interest to the suggestions that have been made as to the word "aboiteau" or "aboideau" and as to the construction of these works. I quite agree with the hon. member for St. John-Albert that the proper word is aboideau. I have seen the other word used, but I think the proper word is aboideau. I have forgotten its derivation, but you have to go back into Acadian history to find where the word comes from.

As far as the construction of the aboideaux is concerned, some of them, as the hon. member for Cumberland has said, have stood for 200 years. There is a knack in constructing them, and the Acadian people were the only ones who had the knack. They had brought it over with them from the old country and they could construct these works to withstand the strength of the tides. Whether the engineers of today can improve their methods I do not know. Somebody has suggested that the works be of concrete. I do not think it would work at all, because there is no sort of foundation for concrete. I do not know how far down you would have to dig before you came to rock; and the old settlers, having discovered that, used these wooden structures, which seemed to last for generation after generation, even though constantly submerged. As one hon. member has said there are very few people there now who have the knack of constructing these works. This may appear strange to some people, but you have to see the construction itself to know just why these works are so difficult to build. They have withstood the seas for two centuries. I know those who will have charge of constructing these works will have made a study of the works that exist there today and will know whether up-to-date engineering can suggest anything better.

Mr. FOURNIER (Hull): I have had a French-Canadian dictionary brought to me from the library, and I should like to read the definition of this word in French; the English translation will be found on page 4600 of *Hansard:*

Aboiteau (abweto) s.m.

1. Aboiteau, barrage, obstacle mis au cours de l'eau.

Fr.—Le peuple prononce *aboiteau.*

Can.—Les *aboiteaux* sont des remblais établis sur le bord d'une rivière.

2. Vanne, dans un barrage, disposée de façon qu'elle se ferme automatiquement quand la marée monte et qu'elle laisse s'écouler l'eau quand la marée est basse.

Dial.—*Aboiteau*=petit batardeau fait pour retenir l'eau, Saintonge.

3. Masse de glace désagrégée que les rivières charrient dans leurs débâcles.

4. Abrivent construit avec de la neige, des branches, pour s'abriter contre le vent (sur les lacs, les rivières, où l'on fait la pêche l'hiver).

That is about all I can find in this dictionary.

Mr. BLACK (Cumberland): And what is the spelling? There is no problem as to the spelling locally. They always call it "biteau". I would ask the minister this question. Have the provincial governments of Nova Scotia and New Brunswick agreed to the modifications in their proposals, as set out in the bill submitted to the house? Is there an undertaking on behalf of Nova Scotia and New Brunswick to enter into agreements on the basis of the legislation now before us?

Mr. GARDINER: I do not know that I can say there has been an agreement, but there has been discussion back and forth between the provinces and the dominion. There has always been the question just where it should end, but never any great difference of opinion about it. Naturally the provinces would like us to construct the canals and clean out the creeks, because that is going to cost some money. I do not think there will be any great difficulty about it. It may be that the provinces will want to take longer to do their share, with responsibility for the creeks and canals placed on them. My own opinion with regard to the matter is that it is important that the outer dikes be built and that we get right on with that job. I would like to see it done within three or four years rather than spread it over ten years. A certain amount of work may have to be done to the creeks and canals inside the dikes immediately, and we may have to reach some agreement about that. It should be done while the equipment is there. I do not think there will be any great difficulty about coming to an arrangement in regard to it.

I think I should explain to the committee that the provinces recommended to the dominion, when we had a meeting some time ago, that the dominion government do those main ditches and clean out those creeks, but there has been some difference of opinion about that, and I thought we had better get along with the job.

Mr. MacNICOL: I do not want the hon. member for Gloucester to think I recommended concrete. I merely asked if concrete would be suitable, not because I wanted it to be used. Last spring, Mr. Chairman, you will remember the pictures that were shown under my auspices in the railway committee room, a lovely moving picture of the construction of dikes. Some of the pictures I

took myself, but most of them were films of the national film board, showing how to construct a large aboiteau, the framework and so forth on land, and then float it out to where it was to be sunk. It is quite a problem. It would be an interesting picture for the engineers who are to construct these works to see, and I suggest that the minister might arrange to have the picture shown again some Saturday. The maritime members are nearly always here on Saturday. The pictures would be of interest to them and to anybody else who would like to see them.

Mr. HAZEN: The people of the maritime provinces, the French-Canadians and the English-speaking, have added a new word to the English language and that is "aboideau".

Mr. GARDINER: We can have the proper word put in when the bill goes to the senate.

Mr. HAZEN: I think it would be a great mistake not to use that word if it is the word intended. Possibly in the French translation of this act the other word should be used, but in the English version I feel that the word "aboideaux" should be used.

Mr. GARDINER: We shall have all this discussion referred to the legal authorities, and if that is the proper word to put in, then we shall have that amendment made in the senate when the bill is before the committee there. On the other question, all I should like to say is that we shall have to leave it to the engineers. I would not like to take any responsibility for saying how these aboiteaux should be built.

Mr. BLACK (Cumberland): Have the governments of Nova Scotia and New Brunswick had a copy of this bill we are now considering placed in their hands?

Mr. GARDINER: No, not as it is drafted. There is no difference at all in the bill. I have a copy of the submissions here, and I heard all the discussions, and took part in them myself. The bill is in accordance with what the provinces asked for. Everything is in it that they asked for, except the one thing that I have spoken of. Under this bill we have not undertaken to do the creeks and canals. I again submit that that is not a matter which should hold up the general procedure in getting these outer works done. If it must be discussed further at some other time that can be done. There is no reason why it cannot be done at a later time and changes made, but for the time being I think the bill ought to go through as it is.

Mr. BLACK (Cumberland): Is the minister satisfied that the provincial governments will assume full responsibility for what is assigned to them under this measure?

Mr. GARDINER: I am quite sure that they will, yes.

Section agreed to.

On section 4—No work to be constructed unless recommended by advisory committee and agreement made with province.

Mr. HAZEN: Has a form of clause been drafted and agreed to with the provinces?

Mr. GARDINER: No, there has not been a form drafted for this particular purpose. We thought that could not very well be done until the bill was passed. We have had a form of agreement with them on the works that we have already been doing. I have a copy of it here. I may say it seems to have passed all right for a year or two with the word spelled as we have spelled it in the bill. It is in that agreement that we have it.

Mr. HAZEN: Has any consideration been given to what will happen if the provinces, either with or without assistance of the marsh owners, fail to live up to the conditions of the agreement in maintaining the works after they have been constructed?

Mr. GARDINER: There is not a great deal that can happen. If we build the dikes the dikes will be there, and I do not think anyone will pull them down. If they do not make use of them we shall at least have done our share. We feel that a great many people will make use of them. It may be that there are some who occupy or own some of the 80,000 acres who may not do so. I do not think any penalty will be placed upon them so far as we are concerned, but we feel that a sufficient number of them will make use of the dikes to make this bill effective.

Mr. HAZEN: Dikes have to be constantly maintained. There is the wear and tear of the tide every day which comes against the face of these dikes. Unless attention is given to them yearly, they are bound to go down, and somebody has to see to them. If one part goes down and the sea comes in, it gets around and into the others. I know what happened at Hillsborough. One dike was washed out, or part of it, and then the sea got in and came around what might be called a lateral dike. I do not know whether that is the proper expression to use, but it went on to another area of dike land that was looked after by a different commission. That was washed out, and gradually the whole thing was destroyed.

The responsibility must rest on somebody to maintain these dikes after they are built. Perhaps the law having to do with the maintenance of the dikes has been revised. I think it will have to be revised if the dikes are to be maintained, if they are to serve the purpose they are intended to serve by this bill, and if the money that has been expended is to be properly used and not wasted.

Mr. ISNOR: It is only reasonable to assume that in a three-way agreement under which the federal government is paying a certain proportion and the provincial governments are paying a certain proportion, and these two are paying $93 an acre toward the re-establishment of this land, and the landowner in turn pays another $18, they will look after the land. As I understand it, the agreement is practically the same as that which was presented by the provinces, with the exception of two items. The first two items which the provinces asked the federal government to take charge of have been included in the provincial government's proportion; otherwise the agreement is as presented to the federal government.

Mr. HAZEN: As I understand this bill, the landowner does not have to sign any agreement. Will he have to sign one with the provinces? Does the dominion spend so much money, the province spend so much money, and the landowner not have to sign any agreement at all? When the minister spoke on Friday he mentioned three divisions. He mentioned what the dominion was supposed to do, what the province was supposed to do and what the landowner was supposed to do; but the bill does not say that the landowner has to enter into an agreement with either the provincial or the dominion government.

Mr. GARDINER: The bill gives the minister authority to make an agreement with the provinces involving all the matters which are now under discussion. The questions which are now being discussed will be discussed at that time. Either we will agree or we will not. I expect that we will agree. The province has made submissions to us with regard to the point that is now being discussed. A part of the submission reads as follows:

> Nova Scotia and New Brunswick will control, operate and maintain, as provided for by legislation, and organization thereafter, of approved dikeland projects constructed or reconstructed under this agreement or transfer by Canada to Nova Scotia or New Brunswick, such lands, rights or interests in lands acquired by Canada in respect of such projects.

There is a submission made by the provinces along that line having to do with all these matters, but that submission does not bind them, and it does not bind us at the present time, but it is in the form of a model agreement. We will sit down and discuss all these things, and finally sign an agreement. This afternoon I do not want to try to say what agreement we are going to sign. I do not know. The particular point that is now being discussed will be a point of discussion between us. I would assume that they may say we should have certain responsibilities with regard to maintenance. We may be prepared to assume some responsibility with regard to maintenance, and the whole question of what is done with other works behind the dikes may come under discussion. At the same time the provinces may say, provided that you do so-and-so we will do so-and-so.

We may have to come back with an amendment to this bill at some future time. We have a temporary arrangement with the provinces under which we are proceeding this summer. We do not require this legislation at all for what we are doing this year, or for the responsibilities we have this year. With this bill in the hands of the provinces and ourselves we shall be in a much better position to sit down between now and the next session of the house and attempt to draw this agreement. If there are certain things that may have to be done or certain amendments brought in, we would be in a position to do that. I think it is better to put the legislation through as it now is, and then have our discussions between now and the next session and be in a position to make any amendments, if they are necessary.

Mr. HAZEN: Under the temporary arrangement to which the minister has referred, does the landowner pay a third?

Mr. GARDINER: The provision is that the province can collect up to one-third, they are not allowed to collect more than a third; but they may not collect a third, or they may not collect anything. We pay up to $60,000 in one case and $40,000 in the other; three-fifths of the total is in Nova Scotia and two-fifths of it is in New Brunswick, or $100,000 altogether. We agree to pay up to that figure. Then the province agrees to pay double that amount, which makes $300,000 altogether, and they undertake to collect not more than one-third of that from the individual. That means that we pay a third, the province pays a third and the individual pays a third, if the province collects a third.

Mr. BLACK (Cumberland): I agree with the minister that this legislation should be enacted as quickly as possible. I think it is unfortunate though that the agreement is not entered into with the provinces as soon as

this legislation is enacted. There will be little work done this year under the three-way agreement referred to by the hon. member for St. John-Albert. Proprietors will not assume responsibility for undertaking construction that will impose upon them a much larger percentage of the cost than would be required after this legislation is passed. I know of aboideaux and stretches of dike that are out now, with respect to which, when this legislation is passed, the proprietors would not be required to contribute. They must contribute to the earlier work. They must bring their land to a high state of fertility and production under the present undertaking. There should be an understanding with the provinces as soon as this legislation is passed, that the legislation will apply to all work that will be done this year; and it should be made effective just as quickly as possible.

Section agreed to.

Sections 5 and 6 agreed to.

On section 7—Purchase or rental of machinery.

Mr. HAZEN: Is it the intention of the government to build these dikes by calling for contracts, or do they intend to do some of the work themselves? I see they ask for the right to purchase or rent machinery. If they intend to let contracts, why do they want the right to purchase machinery or to rent it?

Mr. GARDINER: In all probability we shall have most of the work done under contract, through calling for tenders. But I would imagine that we must have machinery of our own while the work is under construction. In any event, it will be our responsibility to see that it is there; and even if we do not do any of what one might call the actual contract work, it will be necessary for us to have machinery. We are profiting by our experience in work we have done in western Canada. We have machinery, although all of our large projects are done under tender, by contractors.

Mr. HAZEN: You rent the machines to the contractors?

Mr. GARDINER: There may be cases where machines are rented to the contractors, and there may be cases where we rent machines from them.

Mr. HAZEN: And do some of the work yourselves?

Mr. GARDINER: And do some work which has to be done in some of these cases, such as

[Mr. Black (Cumberland).]

levelling land and that type of work which may be done by the government.

Mr. BLACK (Cumberland): I think this should go a little bit further. The advisory committee or the minister should take authority to construct or alter machinery according to the experience they may gain. This is a particular type of machinery. Marsh mud is one of the hardest types of soil to handle. Some machinery has been utilized that works well, but no machinery has yet been devised or built that I know of that will properly handle this marsh mud under all circumstances. The minister or the advisory committee, or whoever has responsibility, should be given authority to construct and experiment in the building of certain types of machinery. They may have to build one machine and then make changes in it after they have put it into actual operation. Someone will have to have that authority, if you are to get the full benefit of mechanical equipment in undertaking this work. I should like to ask the minister if, under this legislation, there is authority to build machinery.

Mr. GARDINER: I should not like to put my legal knowledge up as final on anything of that kind. But section 3 gives us all the authority that is necessary to build a dike. If we have to build a machine to build a dike, I suppose we can build a machine to build a dike. What this clause has in mind is simply to limit the minister in what he can do. I cannot buy any more than $5,000 worth of machinery, and I cannot sell machinery worth more than a certain amount. We can buy it but it is limited in amount. If I want more, I must come back to council in order to get authority.

Section agreed to.

Sections 8 and 9 agreed to.

Title agreed to.

Bill reported.

Mr. GARDINER moved the third reading of the bill.

Mr. KNOWLES: Did I understand the minister to say he would see to it that the senate look into the question of the spelling of the word, whether it is "aboideau" or "aboiteau"?

Mr. GARDINER: I suggested that we shall see to it that the legal authorities look into the spelling of the word; and if an amendment is required, we shall have it done in the senate.

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

SUPPLY

Right Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee of supply.

DISPLACED PERSONS AND REFUGEES—BRITISH IMMIGRATION

Mr. ANTHONY HLYNKA (Vegreville): Before you leave the chair, Mr. Speaker, I wish to discuss a matter that I had intended to discuss on Thursday evening last, but in order to allow the vote to be taken on the budget I agreed to make my speech at this time.

This is the seventh time in the last three years that I have risen to discuss the problem of displaced persons and refugees. I do so, knowing that displaced persons, in their present position, cannot speak for themselves. In one month from now the present session will likely be concluded and up to this time in this session but few references have been made to this tragic and extremely important problem. I desire, therefore, to take this opportunity to review in a sort of documentary way the displaced persons problem under the heading, "What have the democratic nations done to solve the displaced persons problem?"

First I wish to deal with repatriation. From the D-day landing in Normandy in May, 1944, to the present time the policy of the west has been the repatriation of displaced persons to their places of origin. That was the policy of UNRRA and it is now the policy of the preparatory commission of the IRO. UNRRA's United States zone headquarters administrative order No. 199 of November 11, 1946, is a good sample of the many orders issued in all zones from time to time in reference to this matter. It stated:

> UNRRA and military authorities are in agreement on the advisability for speedy return of the greatest possible number of displaced persons to their homelands. . . This policy represents the substance of resolutions under which UNRRA now operates and is in keeping with the Yalta agreement.

Similarly the policy of the preparatory commission of IRO in this matter is based on the constitution of IRO, article 2, section (a), which states:

> To encourage and assist in every way possible the early return to their country of nationality or of former habitual residence of those persons who are the concern of the organization . . .

Four methods have been used to carry out the repatriation programs of UNRRA and IRO. The first method was that of forced repatriation. For more than a year following the end of the war in Europe, repatriation was carried out by every means, including the use of force. Persons who were both citizens of and actually present within the boundaries of the territories held by Soviet Russia on September 1, 1939, were forcibly repatriated in accordance with the terms of the ill-omened Yalta agreement to which the United Kingdom, the United States and the U.S.S.R. were signatories. Many persons who came from territories which, following world war II, were annexed to the U.S.S.R. were also forcibly repatriated. This is what *Life* magazine had to say on this matter in its editorial in the issue of September 29, 1947:

> The first thing that happened to them in the hectic hours after V-E day was that, wherever they found themselves outside the Soviet zones, masses of them were herded by British and American troops back over into the Russian side of the line . . . several millions of people who had been pulled out of Russia and Russian occupied territory and who now didn't want to go back went back whether they wanted to or not. And quite a few went back tied up in ropes, delivered like African slaves in the blackbirding days . . . The more loath a non-returner is to return, the more eager the Soviet union is for his return. You can guess why. Let loose in the capitalist world, he would not serve as a very good propagandist for communism. In short, these people are "not displaced persons." They are, in the simplest terms, political refugees. They are refugees from communism . . . If the American people and their representatives were agents of the Kremlin, they could have scarcely done more to deliver these refugees to the assassin and slave master.

After a year of this bloody business, which is so vividly described in the editorial just quoted, the west discovered that most displaced persons would rather commit suicide than return to their places of origin. Many actually committed suicide; but finally the horrible tragedy stirred the conscience of true Christians in the United Kingdom, the United States, Canada, France and above all in the Vatican, and as a result appeals were made to the British and United States governments to terminate the policy of forced repatriation. Consequently forced repatriation was largely discontinued, except for three classes of persons, namely only those persons who were both citizens of and actually domiciled within the territories held by Soviet Russia on September 1, 1939; that is: (1) those who were captured in German uniforms; (2) those who were members of the armed forces on or about June 22, 1941, and were not subsequently discharged therefrom; (3) those who, on the basis of responsible evidence, have been found to be collaborators with the enemy, having voluntarily rendered aid and comfort to the enemy.

Although the terms to which I have just referred lend themselves to various inter-

pretations, nevertheless the amended directives were an improvement over the previous vicious terms to which the west agreed at Yalta on February 11, 1945.

The second method which was used in repatriating a large number of defenceless and unfortunate D.P.'s was a practice privately arranged between the U.S.S.R. repatriation officers and some camp and area directors. Under this scheme the director would be conveniently absent from the camp when the Soviet repatriation teams called. With the use of firearms the Soviet officers would round up a number of D.P.'s and load them on trucks, and that would be the last anyone would see or hear of them. This kidnapping method of repatriation was employed until about a year and a half ago.

The third method followed in the matter of repatriation is still being used to this very day. Under this scheme the Soviet repatriation personnel are granted permission to carry on in camps what is called an "educational campaign". This is done by means of the distribution of literature depicting the "happy life" under communism. The moving-picture technique is also being used. Following the showing of a movie, or an educational program, appeals are made to D.P.'s by Soviet officers to return to their places of origin. In the past Soviet repatriation officers have been assisted in this work by UNRRA officials, while at the present time the IRO personnel is under obligation to render such assistance. However, this system of repatriation brought disappointing results, and for that reason still another system was initiated two years ago and is still being used.

The fourth system is called voluntary repatriation by incentive. The nations of the west adopted this system as a face-saving scheme. However, in the net result its operation is very much similar to forced repatriation. Under this method of repatriation, food rations are reduced considerably below the number of calories required by a normal person. The second step of this softening-up process as used in certain areas is the transfer of D.P.'s from camp to camp several times during the year. Orders are issued to move the occupants from one camp to another, in order to break their morale. Following such food reductions and camp movements, extra rations of food and better clothing are offered those who volunteer to be repatriated.

To those who have not followed this problem closely, my statements undoubtedly appear somewhat farfetched; but let me quote what was said on this matter by Mr. T. J. Keenan, former Canadian UNRRA officer, in his submission to the senate committee on immigration and labour, as it is recorded at page 108 of the proceedings of that committee for April 30, 1947. Mr. Keenan said:

> My work dealt chiefly with Polish repatriation. We established a policy in Lubeck . . . of moving Poles from one camp to another simply to overcome the inertia of those people wishing to remain in one place. Always we had more Poles for repatriation when we had such a camp move.

As you will gather, Mr. Speaker, Mr. Keenan was describing what was done in the Polish camp of which he had charge, but the same practice was followed in camps in which Ukrainians, Yugoslavs and others were housed.

Another Canadian, the Reverend Ian MacKay, also a former UNRRA worker, in a statement to the immigration and labour committee at page 63 of the April 24, 1947, issue of the report quotes from a letter from his UNRRA co-worker as follows:

> During the early months of winter most of our D.P.'s were shunted unmercifully around the country under a plan to hand back as much accommodation as possible . . . Necessary, but hardly humane, as some of them have suffered five moves in three months.

Then, less than two months ago I received a letter dated March 19, 1948, from an official of the preparatory commission of IRO, stating that the shifting on D.P.'s from camp to camp is being continued. This is what this official has to say:

> The D.P.'s in our camps have done a wonderful job in converting stables into living quarters. Both these camps have been improved out of recognition, simply by the work of the people themselves. One of our camps was recently threatened with a move to another camp. The committee and I went up in a truck one bleak Sunday to look over the new camp and on seeing it the spirits of the members of the committee sank to zero. Some of the blocks were damp and badly in need of repair. All of the blocks contained large rooms. Do you realize what that means? No privacy! Two or three families in one room. Then there was no ground for vegetable gardens. In fact, the place seemed like a desert. The D.P.'s would have had to begin all over again from scratch and, for some of them, this would have been the third or even the fourth move.
>
> But after an awful struggle, we managed to have the move cancelled, but only after agreeing to take 500 more people into one of our camps. There is nothing more distressing for these poor people than to be moved from one place to another. They have made homes out of their over-crowded living quarters; they have established schools, churches, theatres, workshops, they have cleared away ruins and rubble; they have repaired the heating system, plumbing and

electricity. What for? Only to be moved on to another camp to begin the same story all over again.

As I have already stated, after several moves such as I described, those who volunteer to be repatriated are offered extra rations of food and better clothing. To quote from Mr. Keenan's presentation once again, this is what he had to say on that point:

> The director general of UNRRA arranged a 60-day ration to be given to each person on arrival in Poland by UNRRA warehouse team, stored there for that purpose. UNRRA repatriation teams ran a transit camp in Lubeck where another warehouse team provided extra cigarettes and chocolate bars for those on their way back . . . Our policy was to "freeze" the better clothing for . . . repatriation. In my warehouse there were sixty-eight fur coats donated in the bundles for UNRRA, from either the United States or Canada. Some of them were damaged somewhat, but they made quite an impression when we started giving them out to the women who were going back . . .

In addition to Mr. Keenan's revealing statement, I also have in my possession official UNRRA and IRO charts showing what effect the bribe of a 60-day or a 90-day promise of extra food ration had on repatriation. *Life* magazine, in the same editorial from which I have already quoted had this to say on that point:

> For two years UNRRA team directors were told to "subjugate" all ideas except repatriation, for which they had to work "heart and soul". Other pressures were used. . . . Camp papers and even schools and shops were discontinued in an effort to break up the anti-repatriation sentiment. Leaders of the sentiment were sent to separate camps. And those who had been repatriated and had then returned and been taken into custody, were likewise isolated.

The reason I have emphasized this particular point is that there is a moral principle involved and to show also to what lengths the nations of the west have gone in appeasing the evil totalitarian regimes even at the cost of suffering, and life itself, on the part of the defenceless D.P.'s. To me, that has only one meaning, namely a new form of slave trade in the twentieth century. It is obvious that such anti-Christian treatment of people does not belong to the western world, nor can such treatment be reconciled with our concept of civilization. The use of bread as a bait in forcing starving, broken-down, unfortunate and defenceless Christians into the clutches of tyrannical and atheistic regimes will remain a hideous blot on the conscience of the west for generations to come. It is barbarism, regardless in what clothes of respectability it may be garbed.

The second phase of the D.P. problem with which I propose to deal has to do with the care and maintenance of displaced persons. It has been the responsibility of UNRRA and now it is the responsibility of the preparatory commission of IRO to provide displaced persons with living accommodation, food, clothing, hospital and medical care. The following per day per capita maintenance cost is involved in the caring for the D.P.'s in the various regions:

Care and Maintenance

(a) Analysis of per capita cost programs:

	Per capita per diem
Germany, British zone	$ .20
Germany, United States zone	.29
Germany, French zone	.35
Austria, British zone	.10
Austria, French zone	.05
East Africa	.60
Egypt	.98
India	.65
Lebanon	1.33
Palestine	1.33

(b) Cash assistance programs:

Belgium	.76
France and North Africa	1.00
Netherlands	.42
Portugal	1.48
Spain	1.22
Czechoslovakia	.42

For this direct assistance, not only D.P.'s but their relatives in many parts of the world are grateful to UNRRA and to the preparatory commission of IRO, but more particularly to the nations which so generously contributed to the budgets of these two organizations. *World Report* publication stated that the United States, United Kingdom and Canada contributed ninety-four per cent of the total budget of UNRRA. During the past few months of the operation of the preparatory commission of IRO some twelve or more countries committed themselves to the budgetary expenditures of IRO. I noted that Canada's contribution is $1,360,179.28. This money has been contributed with a view, of course, to solving the D.P. and refugee problem.

I have already stated that both UNRRA and the preparatory commission of IRO deserve credit for much of what they have done. In this connection I should like to pay a sincere tribute to a large number of conscientious men and women who served with UNRRA, and I should like to pay an equally sincere tribute to the conscientious workers who are now serving with the preparatory commission of IRO. During my tour of displaced persons camps a year ago, I personally met many of them. Of the majority of UNRRA and IRO personnel I will say that they are persons who have devoted themselves to a humanitarian and Christian task. But I must

also make reference to a small number of former UNRRA personnel, and the same would apply to IRO personnel, occupying strategic positions, who looked for their directions to Moscow and not London or Washington. It was on account of the infiltration of these persons into the service of UNRRA at all levels that UNRRA fell into disrepute and finally had to be absorbed by the preparatory commission of IRO. It is regrettable that a small number of Soviet sympathizers succeeded in changing UNRRA into a repatriation organization and also into a Soviet propaganda agency.

Many directives which originated in UNRRA offices have been of the most vicious type. Under these directives, the people in the camps were screened and re-screened. They were moved from camp to camp. Camp publications were suspended. Newspapers published in the democratic countries of the west, in the languages in which D.P.'s could read, were not allowed into the camps. Anyone failing to produce sufficient identification cards was refused acceptance into the camp. This further reduced the ration of camp occupants, because they had to share their food with those living outside the camps. The facts are that a large number of genuine D.P.'s have not received and are not at present receiving any assistance. This assistance was refused to them, while they would have been entitled to it under a more humane set-up.

Before leaving this point I should like to put on record a decision which was made by the preparatory commission conference of IRO and which appeared in a statement issued to the press on October 15, 1947. Included in the list of classes of persons to whom IRO is forbidden to give any assistance is found the following clause:

> Persons who, since the end of hostilities, have become leaders of movements hostile to the governments of their country of origin.

May I ask: To which governments have the leaders of displaced persons been hostile? Obviously to the communist governments in the totalitarian countries. It follows therefore, in fact, that this IRO resolution prohibits displaced persons from opposing communist regimes. I leave that statement to hon. members to ponder over.

I now come to the third phase of my discussion namely, the one on emigration. Millions of people having been repatriated and some thousands having been settled in the various countries of the world. In January, 1948, there still remained in the camps, supervised by the preparatory commission of IRO

626,200 D.P.'s. An additional 79,200 receive care and maintenance from sources other than the preparatory commission of IRO. A further 846,500 D.P.'s of various classifications do not receive care or maintenance from any organization. The net total of all D.P.'s is, therefore, 1,551,900. Of the last group mentioned, only a portion will qualify for emigration. For practical purposes a figure of 750,000 is the immediate concern of the countries that signed the IRO charter.

If at the end of my speech the house would permit me to put the latest table on the record showing the number of D.P.'s of various origins and where they are, I am sure that those who are following this question closely would appreciate having these figures.

Keeping these people in the camps is costly, in spite of the fact that many of them live on a below-subsistence level, and to continue keeping them in the camps will not solve the displaced persons problem. The obvious thing to do is to resettle them in the various countries which will accept them. The task of resettling this remaining number of D.P.'s was commenced about a year and a half ago by the inter-governmental committee on refugees. The work of IGCR has, however, been taken over by the preparatory commission of IRO, together with the responsibilities which were formerly carried by UNRRA, namely, those in connection with the caring for the D.P.'s.

The preparatory commission of IRO has in the past few months made a beginning in what may be considered an ultimate solution of the problem. It is a source of satisfaction to know that in the course of the past year or so a number of D.P.'s have emigrated to the United Kingdom, Belgium, Holland, France, Canada, the United States of America, Australia, South Africa, Switzerland, Guatemala, Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Paraguay, Peru and Venezuela. The last nine countries mentioned have agreed to admit refugees and immigrants in considerable numbers, under mass settlement agreements, or as individual migrants. The United Kingdom, although in a weak economic position, is leading all countries in accepting the D.P.'s. The South American countries have made offers to accept large numbers of D.P.'s, but climate and settlement conditions in some of these countries are not entirely suitable. From a press report from Lake Success, of May 12, this is what appeared in the newspapers of May 13, 1948:

> Guatemala offered to accept 50,000 European refugees, but on closer inspection the offer looked more like the harsh indenture contract

. . . For five years D.P.'s accepting the Guatemalan government's offer would have to work in clearing and farming the remote Ixican valley at a wage of 16 cents a day. There would be guards to see they did not escape to commercial centres.

Thus far the United States of America made no special provision for admitting D.P.'s. It has, however, admitted a number of D.P.'s under the existing United States regulations, under a quota system. I notice in the press that the United States is now considering legislation which, if adopted, would provide for the acceptance of a substantial number of D.P.'s over and above the quotas provided for under the immigration act.

Canada has made a beginning in accepting D.P. settlers. According to the statement included in the proceedings of the committee on immigration and labour of April 28, 1948, out of a total of 16,010 D.P.'s who arrived in Canada up to April 26, 1948, 10,336 were workers brought over by various industrial firms through the Department of Labour. Of the remaining number, 5,168 were relatives of Canadians. I need hardly comment on the number admitted, except to say that it is also in Canada's interest to help in the solution of the displaced persons problem. At least one of the many considerations is that it is in the interest of the west to remove the D.P.'s from Germany and Austria as early as possible and before the peace treaties are signed.

Mr. HARRIS (Danforth): If my hon. friend would not go quite so fast we could all hear what he has to say. He is going too fast to hear. I hope the hon. member will accept my apology for interrupting him, but I know he has so much to say and it is so important that he should keep within the confines of the rules of the house which say that we must listen to what he has to say.

Mr. HLYNKA: I want to get this message over in the time at my disposal and that is the reason I am hurrying.

At this point, on behalf of those who have already been admitted to our country since the end of the war I wish to express sincere thanks to those who in any way made it possible for these unfortunate, but now fortunate, people to come to Canada. I should particularly like to pay tribute to those industrialists on whose responsibility and through whose initiative a number of displaced persons workers were brought to Canada and for offering them employment. I quite realize that there may be an odd employer who may be taking advantage of the D.P.'s, but I have met a large number of D.P.'s who expressed gratitude to the management of their firms for bringing them here, employing them and for the treatment they receive.

In spite of the fact, however, that a certain number of D.P.'s have been accepted by various countries, the problem of displaced persons has merely been touched. This is what a top-ranking preparatory commission IRO official had to say in his letter to me of March 23, 1948, about the displaced persons situation in Austria. He says:

I am very glad to hear from you again and only wish that I could report some real progress in the refugee operation. Unfortunately we are still struggling with the same obstacles and prejudices that you and I discussed a year ago. Although we have re-established a large number of people as workers on a more or less individual basis, the actual problem has not been touched. . . I had hoped that a scheme for group settlement, particularly of Baltic and Ukrainian people in the United States and Canada, would have been set up and in operation by this time. However, we are still as far from that as ever.

A similar view is expressed in a letter to me of March 19, 1948, by another important preparatory commission IRO official in charge of a number of camps in the United States zone of Germany. He says:

About 400 people from this camp have emigrated, mainly to Belgium (families) and England (single people) to work in the mines or on the land. We are still waiting for news that large numbers may emigrate and not just the young physically fit, but families and older people. We wait and wait and hope and hope. Over half a million people have their eyes fixed towards the west, straining to catch a glimpse of open doors and hands stretched out to welcome them before it is too late. Alas, the doors are closed. They only open now and then to admit some physically perfect specimen—a much needed labourer or specialist. Then they close again hastily lest his mother or wife and child should manage to squeeze in with him.

Such is the displaced persons situation, Mr. Speaker, and in order that Canada may do her share in the solution of this problem, I wish to submit to the house and the government the following ten points for sympathetic consideration:

1. In view of the fact that the majority of those already admitted have been brought to work in the mines, forests, and factories, I suggest that a land settlement scheme be worked out with the provinces and that a generous number of displaced persons be admitted to settle on the land. I have in mind the fact that Canadian-born young people are not likely to go into new settlements to start from scratch for, as we know, many of our young people are moving into the cities, and as our manufacturing industry expands they are being absorbed by these industries. In view of this

fact, we would be well advised to admit a generous number of displaced persons families, and other immigrants, to open up and develop the unsettled areas, particularly in the four western provinces. The statement is often made by those who are prejudiced against immigration or by those who do not know better that there is no arable land left for new settlements, and therefore the possibilities of further land settlements are discounted.

I have here a table based on a study giving the figures of land settlement possibilities in Canada. This study gives the number of farm units, each capable of supporting an average family unit of five persons. The farm units may be anywhere from a few acres to as many as 200 acres, depending on the type of soil and other conditions. I should like to place on *Hansard* this table dealing with agriculturally usable land. The table follows:

Unoccupied agriculturally usable land (acres) in territory served or likely to be served by rail transportation as designated

Province	C.N.R.	N.A.R.	Other R.R.'s.	Total
Manitoba	1,134,400	....	427,400	1,561,800
Saskatchewan	3,292,000	....	1,932,760	5,224,760
Alberta	4,579,120	9,219,520	1,794,160	15,592,800
British Columbia	1,840,300	1,100,000	1,210,700	4,151,000
Total	10,845,820	10,319,520	5,365,020	26,530,360

Farm units it is possible to establish on the above-noted land

Province	C.N.R.	N.A.R.	Other R.R.'s.	Total
Manitoba	3,846	....	2,090	5,936
Saskatchewan	13,117	....	7,907	21,024
Alberta	20,665	45,465	6,501	72,631
British Columbia	20,396	5,500	20,860	46,756
Total	58,024	50,965	37,358	146,347

Mr. KNOWLES: What is the source?

Mr. HLYNKA: As I mentioned a moment ago, this is one of the large organizations. The publication had not been put out, and I could not divulge it before it was published.

On the basis of these figures, an average family of five persons may make a comfortable living on each farm unit. Multiplying the farm units by five will give us the number of persons that can be supported in the proposed settlements. According to these figures, therefore, Manitoba can settle an additional 29,680 persons; Saskatchewan an additional 105,120; Alberta an additional 363,155; and British Columbia an additional 233,780, or a total of 731,735 persons in the four western provinces. So much for land settlement possibilities.

2. Relax excessive health standards which were presumably set for the pre-war period and which do not take into account the human consideration that should enter into our dealing with these stateless people who are the victims of war and communism. The only life they have known in the past nine years was six years in the actual theatre of war and now three years in the camps. Official preparatory commission IRO figures show that in the British zone of Germany hospitalization of camp population is 2·8 per cent; in the United States zone of Germany the population of hospitalized cases is 2·25 per cent; in the French zone of Germany the population of hospitalized displaced persons is 2·4 per cent. In Austria the rate of hospitalization is 2·4 per cent. These percentages are in excess of the normal rate, which is generally considered to be two per cent. But there are many reasons for this higher than normal percentage:

(a) Lack of facilities for the sick in the camps;

(b) Not sufficient fuel in sick bays;

(c) Under-nourishment and lack of varieties of food;

(d) Lack of fresh air due to over-crowding;

(e) Many camp occupants spent a number of years in German and Soviet concentration camps;

(f) Psychological factor of hopelessness as to the future.

At any rate, the rejections by selection immigration missions, which are from twenty to fifty-six per cent, are excessive, if the element

of humanity enters into the picture at all. Under a much less exacting health examination than that of any other country, of the 30,500 D.P.'s that the United Kingdom accepted to November 30, 1947, only ninety refugees were returned to the camps.

Rejections on the following grounds should be reconsidered:

(a) D.P.'s who are slightly underweight are not accepted, even though under the existing conditions it is impossible for them to gain in weight, but a few weeks in a new country and some additional food would solve the problem for the underweights;

(b) A person minus a finger or two is now rejected;

(c) A person with a natural mole on the body is rejected;

(d) Persons fifty years and over are not readily accepted, although of the total D.P. population in the camps only 12·9 per cent are over forty-five years of age;

(e) Endemic goitre which is due to local conditions of the water in certain countries, such as Austria and southern Germany, causes rejection, although the fitness of the person is not affected by it, and this condition could easily be remedied, especially upon removal from the region;

(f) Mild cases of heart ailments without decompensation, and otherwise fit in every way, have been rejected;

(g) Persons with healed minimal tubercular lesions which have been healed for some years are condemned as unfit, those who cannot produce a five-year test of cure. This test of cure is normally impossible for D.P.'s to furnish.

The exacting health requirements break up families or discourage them from accepting immigration. Consideration should therefore be given to the relaxation of health standards for persons who are members of a family unit in order that the stronger members of the family may assist a weaker member and the skill of one member balance a lack of skill in others.

3. Extend the regulations to include not only immediate relatives, but also cousins, nephews, nieces, uncles and aunts.

4. Give sympathetic consideration to applications made by Canadians who are in a position to guarantee employment and support to D.P.'s, regardless of profession, occupation, or age.

5. Accept a number of people of cultured talents and professions. Among the D.P.'s there are many top-ranking artists.

6. Make provision for the acceptance of a number of specialists in the various fields. The British government has already accepted a number of such specialists and has granted to them the right to practise their professions, provided that they can produce evidence that they are qualified.

7. I would suggest that the government accept a number of intellectuals who have lived under communism for twenty-five years but escaped, in order that they may tell Canadians the truth about communism. Why the government has not done this up to this time I cannot understand.

8. Arrangements should be made by the immigration missions to process entire families at the same time as the breadwinner. At present, in some instances, examination of all members of the same family is not made at the same time, and the result is that the family unit is broken up or the examined members of the family refuse to leave.

9. Make provision for allowing a certain number of orphan D.P. children. Representations have been made to the department to allow a number of D.P. children to enter Canada; but, for instance, not a single Ukrainian child has been allowed to enter Canada up to this time. Many well-to-do persons are anxious to adopt D.P. orphans. If organizations or private citizens desire to accept the guarantee for these children, why not improve the lot of them, or are we still thinking that by repatriating them we may gain the good will of the communist regimes?

10. My last point has to do with the matter of correct information with respect to procedures and certain decisions in connection with immigration matters. For instance, the preparatory commission of IRO issued a statement on January 5, 1948, regarding transportation grants to group movement of immigrants and also individual immigrants. The people, however, do not know about this decision, and yet it is extremely important to those who cannot afford to pay transportation costs for their relatives. The following information was released by the preparatory commission on January 5, 1948:

Policy—

1. The temporary restriction imposed on September 18, 1947, limiting applications for assistance under mass resettlement schemes to those in receipt of care and maintenance was terminated early in November and, similarly, applicants for individual migration assistance are no longer required to contribute a minimum of 50 per cent of the total cost of their movement. At the present time all eligible refugees and displaced persons who come under section C of part I of annex I of the constitution are entitled to apply to PCIRO for resettlement assistance under either mass resettlement schemes or as individual migrants.

May I close with two quotations which sum up the whole problem better than I can do. This is what was said in the New York *Times* on May 5, 1948. The article is headed:

Hypocrisy on DP's is Laid to Nations

Geneva, May 4.—William Hallam Tuck of the United States, executive secretary of the preparatory commission of the international refugee organization today bluntly accused the governments that undertook to solve the problem of the displaced persons after world war II with hypocrisy and lack of charity. He was addressing the opening session of the commission's sixth meeting.

"The refugee problem is not being solved," Mr. Tuck told the governmental delegates. "It is not being solved because we have too little of too many things—too little time, too little money, too few ships, and most important of all too little Christian charity among nations."

Mr. Tuck, speaking more frankly than any international official has dared speak before on this subject, charged the governments with looking upon the refugees as so much labour fodder, ignoring the human element and taking an extremely short-sighted view of the consequences of their current policies.

He said refusal of the governments to admit families and dependents was creating a situation among the displaced persons that soon might lead to a reflux of persons to camps in order to join their families. "We are menaced in the relatively near future by something far more serious than the hard core of aged and infirm", Mr. Tuck said, citing soundings among the displaced persons that had indicated that despondent families were beginning to refuse resettlement rather than risk indefinite separation.

Stressing that the problem was no bigger than the settlement of one million persons, Mr. Tuck said passage of legislation admitting a substantial number of displaced persons into the United States "would go a long way toward providing a solution to the major portion of our problem". He ruled out Palestine as a haven of any importance because of the political troubles there. Many more could be usefully resettled in western Europe, he said, if family groups could be admitted together.

"Those governments which created our constitution", he said, "indulged in the luxury of adopting a high moral position. They declared that no refugee who feared to return to his country of origin should be forced to do so. They have not paid the price called for by the position they adopted."

Mr. Tuck revealed that officials of the refugee organization were seriously concerned over the effects of German propaganda on the refugee policies of the member government. Pointing out that the anniversary of the "liberation" of displaced persons comes at the end of this week, he said that during that period the animosity between the Germans and their victims had increased. On the part of the Germans the "means for giving vent to animosity have also increased", he said, adding that the Germans painted the displaced persons as a wayward element. "The record shows that displaced persons are more law-abiding than the population among which they live", Mr. Tuck said.

[Mr. Hlynka.]

On the credit side, Mr. Tuck said he confidently expected early ratification of the international refugee organization's constitution by Brazil, Denmark or Venezuela. The addition of any of these countries would give a permanent status to the organization, he cited new agreements for large-scale resettlement with Brazil and Canada, but he stressed the difficulty of getting transportation. This is so serious that Mr. Tuck said a financial saving was anticipated from transporting displaced persons by air to certain countries.

May I add a few of the Prime Minister's words of wisdom spoken in this house on May 1, 1947:

Apart from all else, in a world of shrinking distances and international insecurity, we cannot ignore the danger that lies in a small population attempting to hold so great a heritage as ours.

Finally, I wish to conclude with a short quotation from *Life* magazine on the subject of political asylum to stateless persons:

We used to have in this country, and in those of our real allies, a great and glorious tradition of political asylum. The communist Trotsky, for one, was very happy to flee to New York from czarist Russia. But get this for a switch: Nowadays the Soviet union recognizes no right of asylum—its own escapees being branded as traitors and eligible for death—except to those "friends of the working class" who may have to scuttle back to the U.S.S.R. from abroad. . . .

Ever since we have had a government, we have, like all the rest of the world's free lands, offered a haven for oppressed or political fugitives. Has our national memory lapsed? If we took in all the present European crop, Jews and non-Jews, it would increase our population by less than one per cent. And who knows by what amount it would increase our democratic beacon light in an ever-darkening world?

Can any nation say it was not enriched by those to whom it afforded hospitality? Can any say it was not impoverished by those who fled?

We have the example to set in providing asylum for some part of these million fugitives from communism. Literally and piously, for God's sake let us get these people out of their cages. And let us bring in those who wish to come to us.

I hope and pray, Mr. Speaker, that Canada will also establish the principle of providing asylum to those needing it who believe in democracy and God.

Before sitting down, I should like the permission of the house to place on *Hansard* an interesting table with regard to D.P.'s and refugees.

Mr. DEPUTY SPEAKER: Has the hon. member the unanimous consent of the house?

Some hon. MEMBERS: Agreed.

Mr. HLYNKA: The table follows:

Table III.—Refugees receiving PCIRO care and maintenance at November 30, 1947, by country of citizenship or last habitual residence

Country of citizenship or last habitual residence	Total	Austria			Belgium	Far East	France	Germany			Italy	Middle East					Netherlands	Portugal	Spain
		British Zone	French Zone	U.S. Zone[a]				British Zone	French Zone[b]	U.S. Zone		East Africa	Egypt	India	Lebanon	Palestine			
Total	626,235	8,317	3,165	33,064	1,431	6,029	6,036	158,238	29,000	326,588	30,250	15,621	683	2,176	2,769	1,939	179	331	419
Albania	592			5				1		1	585								
Argentina	234	1						5	150	68	3								7
Austria	2,804			31	386	1,788		24	40	324	183		2				9	3	14
Belgium and Luxembourg	83	1		1				6	55	14	6								
Brazil	39							18		17	3								1
Bulgaria	107	1						23	25	29	29								
China	159			1				2		2	154								
Czechoslovakia	6,883	24	2	225		51		254	225	5,283	807	2					3	1	6
Dodecanese	80										77		3						
Estonia	21,743	25	24	172		6		7,189	700	13,597	30								
France	298							10	230	39	17								2
Germany	9,485	2		657	487	3,207		71	525	4,136	165		2				131	8	94
Greece	624	1		11		1		13	75	187	320		12						4
Hungary	9,848	27		1,100		27		1,170	1,360	4,739	1,399		1				3	5	17
Italy	233	1		6		5		8	170	24			14						5
Iran	284	4						1	10	240	19							10	
Latvia	72,936	184	46	676				28,891	2,240	40,838	56						3		2
Lithuania	44,158	33	39	332		1		13,931	2,390	27,034	387							5	6
Netherlands	292	1						33	145	110	3								
Palestine	52	5		6				3		30	8								
Poland	278,241	1,305	383	11,200	47	264		67,293	15,340	146,502	13,237	15,619	4	2,176	2,769	1,939	8	43	112
Roumania	18,839	77		9,600		11		1,668	1,300	3,033	3,141						1	5	3
Spain	3,487			2			3,071	5	65	85	114							133	12
Syria	17									12	5								
Turkey	1,084	9						2	15	664	383		1						10
Ukrainian S.S.R.	667			348							319								
U.S.S.R.	7,964	28	3	227				261	95	6,648	690								12
United Kingdom	72							10	10	9	37		6						
U.S.A.	234							8	35	175	16								
Yugoslavia	29,293	3,930	60	1,852		1		8,584	1,450	5,144	7,647		615						10
Miscellaneous	266	1						27	50	72	104		2				1	7	2
Nansen status	20,508	101	539	276	511	604	2,965	1,385	2,130	11,441	306		21				20	111	98
Ukrainian[c]	87,536	1,867	2,052	2,889				24,700		56,206									2
Undetermined	7,093	689	17	3,447		63		2,642	170	65									

[a] Includes estimated residence distribution of Jewish refugees in camps recently transferred to PCIRO.
[b] Estimated, subject to revision.
[c] From former Polish territory.

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, I did not intend to say anything this afternoon, but in view of the previous speaker opening up this subject I feel I must put forward a few of my own ideas and the ideas of hundreds of thousands of men in this country who are associated with me in a great organization. During the past week I had an opportunity to attend as a delegate at Saskatoon the Canadian Legion convention, a convention composed of approximately one thousand men who volunteered their services to defend this country. This organization has a right to be and is very much concerned about immigration; a question of national importance. Because of that, Mr. Speaker, this organization has had a committee on immigration for some years. In 1946 this matter came before the dominion convention, but because of the fact that hundreds of thousands of veterans had to be re-established under after-war conditions, the Canadian Legion took the stand that large-scale immigration was not desirable; but now, owing to the fact that greater numbers of our men are re-established and conditions in this country have changed, that policy was changed by unanimous consent at the convention which I recently had the honour to attend.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. HERRIDGE: Before the house rose at six o'clock, I had just started to bring to its attention the immigration policy proposed and suggested by the Canadian Legion. As I mentioned previously, it is an organization of some 300,000 or more veterans who served this country in war and who are anxious to serve it in peace. It is an organization that represents veterans in all provinces and the majority of racial stocks. Because it wishes to serve this country in peace, it gives serious consideration to national problems that are concerning the Canadian people as a whole. Therefore I wish to bring to the attention of this house the considered and unanimous opinion of the Canadian Legion as expressed at the recent convention held in Saskatoon.

I must say, before proceeding, that I fully realize the difficulties which surround this subject, particularly for the Canadian government. It is complicated, complex and presents difficulties that are not seen by the man in the street. But I suggest that the recommendations of the Canadian Legion offer a firm basis upon which to build an immigration policy that will receive the support of the majority of the Canadian people.

The committee that dealt with this question was appointed by the legion at the 1946 dominion convention in Quebec. It was a committee made up of some of the most responsible gentlemen in this country, and they gave a great deal of study to the question, considered it from all aspects in view of the rights and interests of Canadians at present resident in Canada and the necessities of Canada for the future.

The over-all tenor of the resolutions submitted to the committee clearly indicates that since the Quebec convention two major factors have been established.

As I previously stated, at the Quebec convention the legion was of the opinion that large-scale immigration was not desirable until the veterans were re-established and conditions had become more stable in this country. Now the legion suggests:

First—that the veterans of the second world war have been re-established to the point where it may now be considered to be in the national interest that immigration should be contemplated on a larger scale; and

Second—that in connection with the over-all rehabilitation of Europe, Canada must assume her fair share, through immigration, in solving the problem of the displaced person.

I am now reading from the report of the committee on immigration adopted unanimously by that convention:

In connection with the immigration of displaced persons, it is the belief of the committee that, while Canada should stand prepared to do its fair share, the basic desire of Canadians is that the major proportion of new immigrants should be of British and kindred stock, and that immigration activities should be designed to that end.

Then in this report there is reference to the committee's receiving many resolutions in connection with the bringing of immigrants to this country, shall we say, by a process of indentured labour, and strong objection taken to a procedure of immigration which might develop and cause immigrants to be formed into pools of cheap labour. Strong objection was taken to that by many branches of the Canadian Legion; but, owing to the statutory conditions being changed, no action was taken to express an opinion in that respect at the convention. I am sure, however, it is the considered opinion of the legion that they could not support that type of immigration policy. I shall deal briefly with the policy, because I do not wish to take up the time

of the house more than is necessary. I am now again reading from the policy of the Canadian Legion on immigration:

The Canadian Legion is of the opinion that entry into Canada of considerable numbers of immigrants is desirable and should be encouraged, subject to rigid control and supervision. This opinion is based on the following premises:

(a) Increased population would reduce the per capita cost of governmental and other services;

(b) Canada is one of the richest, but one of the most under-populated countries in the world. No other country in the temperate zone has such a great wealth of undeveloped natural resources.

(c) An increase in population is necessary to strengthen Canada's position in national defence;

(d) Increased population is necessary to maintain our industrial capacity which so greatly expanded during the war, and we must have increased consumption at home for the products of our fields, mines, forests and factories, as well as to enlarge our export markets;

(e) There is no pioneer or basic labour available in Canada, which is so necessary for the development of our natural resources;

(f) The legion places strong emphasis on maintaining a favourable balance of British emigrants but appreciates the necessity of assisting to the utmost the problem of absorbing suitable displaced persons in Europe, now the responsibility of the united nations; provided that adequate measures are taken to avoid embracing in such movements of displaced persons any with a philosophy or ideal alien to our free democratic way of life. It is believed that persons with special skill or craft entering Canada from displaced persons camps will enhance our economy by introducing new industries, which in turn will provide further opportunities for employment of our citizens. This has already become evident.

And finally:

(h) The legion considers that with the enlarged importance of immigration it is now time to restore the establishment of a separate and well-organized department under a federal minister concerned only with immigration and settlement, instead of permitting immigration to continue as a somewhat obscure branch of the Department of Mines and Resources which has a multiplicity of other unrelated problems to deal with.

I think that is a sound program so far as immigration is concerned.

I wish to deal briefly with the question of displaced persons and of British immigration before resuming my seat. The question of displaced persons is receiving a great deal of consideration from people all across Canada. I am quite sure that the majority of the Canadian people are anxious that we shall play our part in bringing desirable displaced persons to this country. But there is a certain feeling of uneasiness as to the type of some of these displaced persons who are coming to this country, with regard to whether they are suitable people or are receiving suitable location and so on. I might say that, from my conversation with some representatives of organized labour, I find considerable uneasiness in this connection. Only recently I had a letter from the mother of a girl who served with the women's auxiliary corps during this war and who wished to enter domestic service. She did not secure the position because a displaced person offered to take the job at a lower rate of pay. These things are concerning organized labour. I think the government must pay strict attention to that sort of thing and see to it that these people who are brought into this country are not exploited because of their ignorance of conditions, and their natural desire, shall I say, to do something to express their appreciation of being allowed to come to Canada.

I might also say, Mr. Speaker, that the veterans are concerned about this problem. I have talked to a good number of veterans and I find many of them seriously concerned. When I was proceeding to the convention at Saskatoon there were two carloads of displaced persons on the train on which we were riding, and with a number of veterans—and incidentally some from the province of Quebec —I made a tour of those coaches. The least I can say in that respect is that we were not impressed with what we saw.

Quite recently I had occasion to have a conversation on this matter with an official of another government from Germany; and as a result, I would say the Canadian government has been too late in acting to secure the best type of displaced person to bring to Canada. From the information I received, it is my opinion that many of the best of these people have gone to other countries. I am all in favour of bringing to Canada the relatives of good citizens of this country. They can be provided with homes; they have contacts which will enable them to obtain jobs. I am all in favour of bringing those we are certain were on our side during the last war, who were willing to go to concentration camps for the sake of their principles, and who suffered. I know there are those who for political reasons, cannot return to certain European countries, but any man who is a political refugee and also a sound democrat should be able to come to this country.

At the same time, from what I hear, I am of the opinion our screening of these people is not entirely satisfactory. In making this criticism I fully realize the difficulties. We want to be certain that the people we bring here are those who will accept and develop

our democratic ideals and our attitude toward life. We also want to make sure that when they come to this country they are not going to displace a veteran or another Canadian from a home, but that they will be able to find homes and employment, and can be properly absorbed.

Reference was made by the speaker who preceded me to the fact that a great many of these people are very suitable to go on the land, and I have no doubt that is true. Personally, however, I do not think we should take such a pessimistic view of Canadian youth as to suggest that they all wish to go to the cities. This government, and other governments in this country, must put forth a greater effort to make rural life attractive to young Canadian men and women. To me it is deplorable to see the sons of the pioneers who built this country leaving the farms and going to the cities. Why are they doing that? In many cases it is because rural life is not on a par with urban life as far as certain conveniences, remuneration and rewards are concerned. I believe we have to remedy that situation, if we are going to keep young Canadians at farming.

I want now to say just a word or two concerning British immigration; naturally, as an Englishman born, this subject is very dear to my heart. During the last two sessions I have been interested in reading the minutes of the committee on immigration of what I think is officially termed in this house "the other place." During those two whole sessions I challenge anyone to show that more than five minutes have been given to a discussion of British immigration. I think that is out of all proportion. It may be said that thousands of British people have been brought to this country, but if you take out of that total the wives and dependents of veterans who married overseas you will find that a very small number indeed of Britishers have been brought to this country since the conclusion of the war.

I brought up this matter previously in the house, and at that time the minister said the British people were welcome to this country. I believe that is so; if they can pass the health tests and comply with all the regulations, they may come here. But that is not sufficient when we have in Britain over 180,000 ex-service men who stood side by side with us, who fought for us and who stand for the same type of civilization, desiring to come to this country.

Therefore I believe that if this country is to have a balanced immigration policy, as between displaced persons and British and kindred people, this government must give consideration to making arrangements for transportation for those people. They do not want charity; they do not want their fares paid. All they ask and all the legion asks of this government is that something be done to provide shipping, so that they may pay their fares and come to this country in the near future. I remember in the early days of this century seeing many British immigrants of the type generally known as cockneys, a fine people, arriving at Halifax and Montreal. They were not met by committees of ladies with buns and hot coffee and popcorn and all the rest of it. They had their baggage on their shoulders, got into colonist cars and went to western Canada on their own, where they made a great contribution to the development of this country.

In conclusion, Mr. Speaker, I do ask this government to give consideration to taking some steps to make it possible for the thousands of veterans and others in Britain who wish to come to this country to obtain transportation, for which they are anxious and willing to pay.

CHRISTIAN SOCIALIZATION OF MEANS OF PRODUCTION AND DISTRIBUTION OF NECESSITIES OF LIFE

Mr. E. L. BOWERMAN (Prince Albert): Mr. Speaker, before Your Honour leaves the chair, I should like to make a brief statement. On February 25 of this year, as recorded in *Hansard* at page 1621, I read to the house the following quotation from the report of the committee on evangelism and social service of the United Church of Canada:

> We are driven to the conclusion that the only thing that will solve our present day social and economic problems will be the absolute Christian socialization of the means of production and distribution of all the necessities of life.

I went on to say it was no wonder church bodies took this position, and I repeated the quotation I have just read. The hon. member for Peel (Mr. Graydon) then interjected with this question: "Does that include the farmers?" In keeping with the view of the United Church which I was then quoting, I quite naturally replied: "That would include everybody." It is perfectly clear that in my reply to the hon. member for Peel I expressed the belief that the views of the United Church applied to everyone. After all, the church believes that Christianity is for all, including the farmers, of whom I am one.

However I regret to say that this statement has been widely distorted outside this house

by people who know better. In many newspaper editorials and advertisements it is being alleged that my remark means that the C.C.F. proposes to socialize farm lands. This is a deliberate distortion of what I said, and is completely untrue. Everyone knows I was simply asserting that the doctrines of the United Church apply universally and in particular to all its members, including the hon. member for Rosthern (Mr. Tucker), who at present is trying to spread this falsehood in Saskatchewan. Since Mr. Tucker is a member of the United Church, I assume he agrees with its views. If so, his distortion of the views of his own church is really amazing. If he wishes to quarrel with his own church that is his privilege; but I wish to make it clear that the interpretation he is trying to place upon what I said on February 25 is completely and utterly false, and he knows it.

PALESTINE—THREAT TO WORLD PEACE

Mr. NORMAN JAQUES (Wetaskiwin): Mr. Speaker, what I am about to say I had intended to say during the debate on the budget. In order to expedite the taking of the vote last Thursday evening, I agreed to defer my remarks until a motion for the house to go into committee; otherwise I would have spoken on the budget.

Tonight I wish to discuss a situation which I think is dangerous, and becoming more dangerous. I refer to the zionist-communist propaganda which is general not only in the United States but in Canada, and which is strongly anti-British. I refer particularly, of course, to the Palestine question. I am not going to discuss the actual conditions in Palestine itself; that matter does not concern me at the present time. What I am concerned about is how the war between the zionists and the Arabs is extending outside, or is likely to extend outside beyond the boundaries of Palestine and to bring about—indeed it is bringing about—a great deal of ill-feeling and hostility among nations which otherwise would be friendly and together.

In fact, if one reads the propaganda or listens to the radio, and statements made, one might believe that Great Britain is a foreign country. Canadians are being told to regard Great Britain, and those countries which agree with her foreign policies, as enemy countries.

According to the press, zionist high command have appealed to Russia for assistance not only against the Arabs but against Great Britain and the Arabs. That is the statement which appeared in Saturday's press. Let me quote first of all a British statement dated at London, May 22. which says:

> Britain was reported reliably today to have told the United States preservation of Arab friendship is essential to safeguard the middle east against the march of communism.

Again it says that the United States ambassador saw Mr. Bevin and discussed the situation, and continues:—

> Though official sources refused formal comment, it was learned British officials here and in Washington have told the United States Arab-British relations must be maintained as a "great barrier against the flow of communism to the south."

Taking that as a basis, which I do—I accept it as the soundest statement that can be made on the subject—it now appears that in the united nations organization Russia and the United States are lined up against Great Britain. That is the situation which has arisen as a consequence of Palestine policy.

I should like to read this statement by Sir Ellsworth Flavelle which was printed last week in the press:

> At this point I wish to state as a warning my profound conviction concerning the Irgunists and Sternists. My feeling is shared by my colleagues of the world committee and of the Canadian Palestine committee. The future prestige, welfare and indeed survival of this modern Jewish state depends upon the success of its government in eliminating from the Palestinian Jewish community the activities of these terrorists whose operations as gunmen and assassins have been deplored and condemned by all civilized peoples.
>
> Failure to suppress these terrorists will alienate opinion and support from the Jewish state among men of good will throughout the world, and, through them, the support of their governments.

That may be the opinion of Sir Ellsworth Flavelle, but that is certainly not a true picture so far as the situation is concerned, because these terrorists operate not only or even mainly in Palestine, but outside as well. And all those people of good will who have seen the danger of the situation for several years and who have done their level best to inform and to warn the Canadian people—not only the Canadian people but the American people and the British people—as to its dangers; those of us who have tried to inform public opinion of the dangers we saw so clearly have come under the same terrorist organization as British soldiers and officials in Palestine itself. I shall give proof of that before I take my seat.

Then Sir Ellsworth Flavelle says:

> All the world knows that the UNO are giving final form and substance to the best legal and moral judgment of united nations.

That also I shall show is not the opinion of everybody by any means. It is all very well to say that we condemn the methods of these terrorists, but what has been done effectively? Has anything effective been tried to put a stop to them?

Let me quote from an advertisement in the United States paper freely sold and circulated throughout Canada, from one side to the other. I refer to the New York paper *PM*. It states:

For the British the situation in Palestine deteriorated only when the Arabs began to run. Hagana and Irgun took over Haifa. Irgun pushed into Jaffa, took Manshiyeh quarter and turned it over to Hagana. The Arab-nazi gangsters were thrown into panic. The Arabs began to run like rats. The British were shocked. They had expected the Arab-nazi stooges and pimps to slaughter "the Jews". By that time they expected to be well out of Palestine. Then Bevin could look the world in the eye and say: "Who, me? We weren't even there. Can we help it if the Arabs and Jews kill each other?"

I say that sort of propaganda is absolutely unfair and it is a menace to world peace. It states further:

Sanctimoniously the British will say, or are already saying, that they are sending their troops back to reinforce the truce to serve the U.N. Our state department—

That is the United States state department.

—is exerting itself to help foster this lie. It is a lie. The only truce the British will support in Palestine is a devil's truce designed to wipe out the Hebrews.

It is hardly necessary for me to mention the zionist intimidation and terrorism, the sending of bombs and of letters threatening death, the different methods which have been carried out in more than one instance even at the risk of innocent people being murdered. In contrast to this, I should like to quote a news release by the Canadian Arab news service which I, along with other members of the house, received last week. This is issued by Mr. Massoud, who I believe is president of the Canadian Arab friendship league:

"The hatred and propaganda dispensed by some high-pressure groups of this country and the United States has resulted in the present slaughter of thousands of innocent people in the Holy Land. Our warnings of the past five years and our appeals to the Jewish people and their fanatical supporters have not been heeded. Now that Arabs are fighting and defending their homes and while the battle is about to gain momentum, we are again appealing to all those responsible, including the members of the various governments who favoured partition of the Holy Land, to realize the implication of their action of the past.

"The Canadian Arab friendship league," Mr. Massoud said, "will have no part in the fighting. We are firstly Canadian citizens and, as such, have done our duty when we worked for peace in the Holy Land. We also know that none of the Arab countries now engaged in the struggle would ask for our military assistance. There will be no maple leaf battalion fighting on the side of the Arabs, no matter how many similar groups may be recruited by the *News*."

I quote that to show the difference in the spirit of the two sides. It cannot be said that these things are being done only by groups like the Irgun and other so-called terrorist organizations because, as I said before, no effort has been made by the high command to suppress these people. In fact the terrorist groups are in the van leading the zionist troops. It was stated officially by these zionist terrorists that any British who were caught or captured in the war would be shot as criminals. I wonder what the reaction would have been in Canada if that threat had been made by the Arabs against the late "Buzz" Beurling. Had "Buzz" Beurling been fortunate enough to have survived and unfortunate enough to have been captured in Palestine, I have no doubt he would have been treated by the Arabs as an honourable prisoner of war. There again is the difference in the spirit of the two sides. That difference is not confined to Palestine; it extends outside Palestine.

I mentioned zionist propaganda and their control of the radio and the press. From time to time I have made radio broadcasts based on speeches I had made in this house in an effort to throw some light on a dangerous situation. One broadcast was simply suppressed; not one word was put on the air, though I knew nothing of it until afterward. The last broadcast of a few weeks ago was censored. I shall not mention the name of the station or of the manager, because I do not think that would be fair.

I do not hold this manager responsible, because he is in fear of this same terrorist organization. That is quite obvious from what he said when he objected to certain statements which I had made in my broadcast.

In particular, I find in your speech such statements as, page 5, "And so it is with zionism: All zionists may not be communists, but all communists and fellow-travelling socialists back zionism."

That is a fair statement and I make it without fear of successful contradiction. Then I mentioned that Henry Morgenthau is an international financier and zionist. I had to cross out the words "and zionist" for the same reason. Another statement to which he objected was:

In my speech I was glad to pay my humble tribute to the British soldiers and policemen in Palestine who through all these years have borne the brunt of savage zionist gangsterism.

More than 300 British soldiers and policemen in Palestine have been murdered in cold blood by these same zionist organizations, but I was not to be allowed to pay that tribute over the radio to our own kith and kin. The station manager went on to say:

> Within the listening area of this station there are many Jews of the highest probity and reputation—some of our best and most substantial citizens are of that race. I cannot think that it is in the public interest, nor that it is fair, for them and their race to be maligned and attacked.

In other words, I might hurt the feelings of these fine gentlemen by expressing my sympathy for the 300 British men, our kith and kin, who were murdered in Palestine by zionists.

Mr. BLACKMORE: And in a Canadian broadcast.

Mr. JAQUES: Have those fine citizens ever raised their voices against these murderers? If they have I have never heard them. Have they ever come out and publicly condemned the terrorists in Palestine? If they have I have never heard them. I have every sympathy with the manager of this station because I know the power of this organization. He goes on to say:

> I do not think that my obligation as the licensee of the station compels me to carry speeches containing quotations such as those outlined in the quotations given.

Everybody knows today that radio is one of the greatest means of expressing public opinion. We are told that if we are to preserve our freedom we must preserve the freedom of the press at all costs. But when you want to deal with political zionism there is no freedom in the press or on the radio, as I shall prove.

I might mention, and here I am betraying no secrets because it was made public at the time, last December, the editor of the paper run by the movement of which I am a member published a statement which I put on *Hansard* the last time I spoke, and as a result of my attempts to warn the country of the danger of this situation, the Canadian Zionist League—this is their statement, not mine—forced the resignation of the two editors of the *Canadian Social Crediter,* because of its anti-Semitism, and it went on to say that the one chiefly affected would be Norman Jaques.

I have said it until I am tired of saying it, that to criticize political zionism is no more anti-Semitic than it would be for a Tory to criticize a socialist or a socialist a Tory. But even if it were anti-Semitic, let me point out, that recently a case went to the high court in Great Britain in which an editor had in an editorial in his paper given vent to his feelings as a result of the outrages against his own countrymen in Palestine, and he was sued for seditious libel. That case attracted world-wide attention. It did not get too much publicity in this country; but I took the trouble to send for the evidence which I have here word for word. I am not a lawyer, of course, and I am only quoting counsel for the defence. Counsel for the defence said that subject to the ruling of the court, a man had as much right to criticize the Jews as he had to criticize anybody else. The judge, Mr. Justice Birkett, in summing up told the jury that the most vital aspect of the case was the preservation of the freedom of speech; that it was of the utmost importance that nothing should be done by the court which could in any way impair or injure freedom of speech and freedom of the press. Yet, as I say, with regard to the Palestine question, neither in the press nor on the radio in this country has one been free to make full statements other than for the zionist cause.

I might quote two members of congress. Speaking in the house of representatives on December 18, 1947, the Hon. Lawrence Smith said:

> Let us take a look at the record, Mr. Speaker, and see what happened in the united nations assembly meeting prior to the vote on partition. A two-thirds vote was required to pass the resolution. On two occasions the assembly was to vote and twice it was postponed. It was obvious that the delay was necessary because the proponents did not have the necessary votes. In the meantime, it is reliably reported that intense pressure was applied to the delegates of three small nations by the United States members and also by officials "at the highest levels in Washington." Now that is a serious charge. When the matter was finally considered on the 29th—

That would be the 29th of September.

> —what happened? The decisive votes for partition were cast by Haiti, Liberia, and the Philippines. These votes were sufficient to make the two-thirds majority. Previously, these countries opposed the move. Do not forget, Mr. Speaker, that they are considered satellites of our own country.

That is of the United States, of course.

> The pressure by our delegates, by our officials, and by private citizens of the United States constitutes reprehensible conduct against them and against us . . . Time will tell, and this congress should authorize a full-dress investigation so that the people of this country may know that the united nations has been used in this instance as a vehicle of torture, and not as an instrument of international justice.

The fact is that faith has largely been lost in the united nations, and more on account of

this Palestine question than anything else, and today we find that Moscow and New York are lining up against Great Britain. That is the situation which we face today. The people who have advocated political zionism, which they have a perfect right to do, have gone beyond that and maligned those who have taken the other view and tried to point out the dangers of what they knew must develop. I say that all those people who have banned criticism of political zionism will now have to rise and testify whether they are on the side of Russian communism or on the side of Canadian democracy and British freedom, or world freedom, for that matter.

I should like to quote another member of the United States Congress. Hon. Edward Gossett, addressing the house of representatives on December 11 last, said:

> It seems to me to be ironic and tragic that we should be fighting communism with the one hand and encouraging it with the other. I refer to what seems to me a stupid, if not a criminal, act on the part of our delegation to the united nations in the partition of Palestine and in the delivery of that part of the world to communist influence. By that act alone we have taken a major step toward antagonizing the whole Moslem world . . .
>
> In this Palestine partition we have played petty partisan politics on the very threshold of what should be an American century. We have jeopardized American leadership by such tactics; we may have signed the death knell of the united nations. It seems to me it might be well for the foreign affairs commitee to investigate the part played by American delegates to the united nations. Not only was their action in the partition of Palestine a great disservice to the Jews but it was also a very real service to communism in the far east, the middle east, and in the near east.
>
> It is doubtful that all the money we have spent and will spend in Europe can offset the evil we have done in the rest of the world by our meddling with the Palestine question.

That opinion agrees with the British official statement which I quoted at the beginning of my remarks, in which they said that if communism is to be stopped spreading in the near, the middle and the far east, then we must retain the good will of the Moslem world. As I say, those who have supported the zionist cause, which, of course, they had a right to do, could plead that, up to now they were mistaken; but they cannot say that any longer in the face of the situation as it is today. We have to choose. We have either to make a stand for British, western and world freedom or take our stand in support of world communism. That is the situation, and without being political in the least I make the statement that one reason the communists are supporting the C.C.F. is that the C.C.F. as an organization, support and strongly support, have gone out of their way to support, political zionism. It is a fact that not only the C.C.F., but socialists everywhere support zionism. I do not mean labour when I say socialists. The C.C.F. backed the zionists and the communists back both. There is no doubt of that.

Mr. GIBSON (Comox-Alberni): Do the C.C.F. concur in that?

Mr. JAQUES: I am quite willing to acquit them of any wrong intention. I am quite willing to believe that they did not understand just what they were doing. I am quite willing to give them that credit. I am perfectly sure that the rank and file have not the faintest idea of what it is all about.

Mr. ARGUE: You know it all, of course.

Mr. JAQUES: I know plenty about it. Any time that anyone wants to debate it with me publicly I shall be very glad to debate it with him. I have nothing to fear.

We are now faced with this situation. The zionist leaders have appealed to Russia for help against not only the Arabs but against the Arabs and Great Britain. That is the situation as it exists today. Those people who have, as I say, supported zionism, and who have smeared and tried to discredit the few people who have from the first, seen the danger of this situation, and have done whatever they could to open people's eyes to it, these pro-zionists sooner or later will be faced with making a decision whether they are going to stand and support Great Britain and freedom, Canadian freedom, western freedom, world freedom, if you like, against the threat of communism; otherwise all this talk about the threat of communism is so much nonsense. It is either true or it is not true. If it is true; if communism is a threat to our way of life, then I say that communist threat is intensified by the actions of zionist extremists and their supporters in this country, in the United States and elsewhere.

Before I close, I might mention the recent election in South Africa, the result of which apparently came as a great shock to some people. I do not think there is any doubt as to one reason for the result. I forget how long ago it was, but shortly before the election Prime Minister Smuts, without saying anything to any other dominion, so far as I know, told the world that his government would recognize the new state in Palestine. A few days later he went to the polls and was defeated. If that recognition did not defeat

him, it did not help to save him from defeat. I might say that so far as I can gather, the South African election was largely determined on the question of sovereignty. That was made clear by the new prime minister. He was asked what his ideas were with regard to a republic, and he said, "We are not bothering about a republic. Under a republic we should never have more or better freedom than we have today as a sovereign country within the British commonwealth."

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member but he has exhausted his time.

Mr. JAQUES: If I might add one more sentence.

Mr. GIBSON (Comox-Alberni): Go ahead.

Mr. SPEAKER: Unless the hon. member has unanimous consent, he cannot proceed.

Mr. GIBSON (Comox-Alberni): Let him finish.

Mr. JAQUES: I merely wish to refer to a referendum in Australia, where the result was determined by a vote against the federal authorities retaining the controls, formerly belonging to the states, which the federal authorities had assumed during the war. This vote showed that the people of Australia do not believe in centralization. They voted to return to the states of Australia the powers which formerly had been taken from the states by the federal government.

POST OFFICE DEPARTMENT—POSTAL SERVICE TO GRIERSON ESTATE, EDMONTON

Mr. PATRICK H. ASHBY (Edmonton East): Mr. Speaker, I wish to bring to the attention of my fellow members of parliament a matter of the utmost importance, namely, the growth of bureaucracy in this country which is completely ignoring the sovereignty of the people, and establishing the supremacy of rules and regulations over their lives. Today the people of Canada are being forced to adjust their lives and living to fit into rules and regulations instead of rules and regulations being adjusted to fit their needs and wants. Bureaucracy, or stateism, has reversed the functions for which these bureaux were originally established.

I shall deal briefly with only one department of the government at this time, taking up only fifteen minutes or so, and that is the department known as the Post Office Department. I have deliberately avoided using the words "the postal services", because the Post Office Department no longer serves the people of Canada, but is rather using the people as a means of obtaining revenue from which these bureaucrats in control can obtain their livelihood. I should like to quote from a broadcast I delivered some time ago, which outlined somewhat briefly the original functions of the postal services as established:

> The postal services were originally established by far-seeing men for a purpose, and that purpose was to carry and deliver the mails to their destination; to carry news and knowledge; to promote mutual acquaintance; to bring the people of our nation closer together and not only the people of our own country, but of all peoples of all the nations who would associate with the postal services of our great British commonwealth of free nations. The postal services were established to bring peace and good will among all men and women no matter what colour or creed. The individuals employed by us in this great service were messengers of sympathy and of love. They carried messages that would console the lonely, that would be a bond holding together scattered members of a family. They carried news from departed friends and loved ones. The postal service in those days used as their motto "service first".

A motto that was apparently not known to the Postmaster General himself when I asked that question some time ago. Today the motto of the Post Office Department is apparently "service last."

> In days gone by, the individuals employed in this wonderful service prided themselves on delivering His Majesty's mail if humanly possible. In fact, the first mails ever carried were messages from the king himself, and even to this day the postage stamp bears the likeness of our sovereign and king.

It is the king's mail today as always and refusal to deliver His Majesty's mail is an insult to our king and sovereign as well as to the sovereign people of Canada; for our king does not represent party politics, but the people of our great British commonwealth—all the people. That is why I say the people are sovereign in this country, not these hired bureaucrats nor their paid elected representatives who are sitting in this house today.

The people of Canada do not live in this country to serve this institution—the Post Office Department—or any other institution. All these institutions were created for no other purpose than to serve the sovereign people.

I should like now to quote from an early bulletin issued by the Post Office Department:

> The post office opens up new territory in advance of the railways. As soon as a trail is blazed—

Not paved or gravelled sidewalks and streets, let it be remembered.

> —and settlers break new land for a home in the wilderness, the post office links up the new community with the other parts of the country.

In Rudyard Kipling's verses "The Overland Mail", he pays tribute to the carriers of the people's mail in these words:

> Is the torrent in spate? He must ford it or swim.
> Has the rain wrecked the road? He must climb by the cliff.
> Does the tempest cry halt? What are tempests to him?
> The service admits not a "but" or an "if".
> While the breath's in his mouth, he must bear without fail.
> In the name of the Empress, the Overland Mail.

In those days, unfortunately of long ago, the postal services prided themselves, and rightly so, on visiting with kindly friendship and service every fireside. They mingled with the throbbings of almost every heart in our great British commonwealth of free nations. They administered to all the varied climates of our vast empire, from the far northern outposts amidst snow and perpetual ice to the steaming jungles of the tropics, with the same eagerness to serve the sovereign peoples. His Majesty's mail was delivered to its destination, and like a delicate stethoscope held to trusting ears, families and isolated individuals and even whole nations whispered their joys and their sorrows, their convictions and sympathetic understandings to each other though separated by thousands of miles of prairie or mountain ranges.

Now let us compare those wonderful services rendered by this institution years ago with the services they are rendering today. I should like to show hon. members the photograph of a postman delivering the mails in the city of Edmonton this spring, not in any particular area, but one of the many wearing rubber boots and tramping through the water. This was postman Wes. Ferry who braved the elements to deliver the mail. During the year January 1, 1947, to January 1, 1948—that is 365 full days—there were only eleven days when postmen had need to wear rubbers to deliver the mail in the Grierson estate area—in which are living 125 families of our veterans who purchased their homes through the D.V.A.—in order, of course to keep the boots of the postman free from mud. All winter long the ordinary footwear was sufficient to enable the postman to carry out his duties. Only during muddy conditions would he have need to wear rubbers; then only on eleven days had this condition existed, and even then he could have walked on the grass instead of on the rough gravel.

I should like to bring to the attention of the house another postman, named Alfred Forrest of Edmonton, who served the people faithfully for thirty-eight years. This is what he had to say when he was told that the Post Office Department refused to deliver mail to these veterans and insisted upon concrete sidewalks:

> Sidewalks indeed. I once had to build a raft to deliver mail on my route in the Norwood district of this city of Edmonton. The mail had to get through—

Remember that was the motto of days gone by.

> —so I hunted around, found some planks, lashed them together and made my raft. I slung my mail pouch over my shoulder, grabbed a pole and put out to sea. I delivered every letter as usual although I had to punt from door to door.

That was during the pioneer days of years gone by when the motto of the postal service was "service first," and mighty proud were the postmen of those days to wear the badge of the postal service and mighty proud were we of our sons and parents who delivered the mails.

I have here another photograph of a fourteen-year-old boy, named Terry Stubbert, of the city of Edmonton who volunteered to carry His Majesty's mails to each of these homes, along with the daily newspaper, the Edmonton *Bulletin*. This boy has delivered the Edmonton *Bulletin* regularly to these homes ever since they were first inhabited. They get all the services from private institutions. Laundry is picked up and delivered; groceries are delivered. Every service is rendered except that by a government controlled institution which forces these people to pay for these services and then refuses to render them.

Mr. GIBSON (Comox-Alberni): Hurrah for free enterprise!

Mr. ASHBY: That is right; that is what we want, free enterprise. I will guarantee that if the postal services were run as a free enterprise, in competition, postal rates would immediately be reduced fifty per cent and a better service would be given. I want to quote a letter from the Postmaster General (Mr. Bertrand) himself, dated February 14, 1948, in which he says:

> Governmental policy for the coming fiscal year calls for the reduction of controllable expenditures to the absolute minimum and for the postponement wherever possible of the introduction of new services and enlargement of existing ones. This means that no letter carrier services can be granted and that extensions of delivery beyond existing boundaries will have to be withheld, except where the need is most urgent and where conditions are ideal.

In other words, the Post Office Department admits its failure to render efficient service to the people who now pay fully twice as much for these services as they have ever paid in the past.

Of course it is always easy to criticize, I know, and I sometimes hesitate to do so; but

this is such a glaring instance of inefficiency, and I think I can say bureaucratic bungling, that I must bring it to the attention of hon. members. I sent a telegram to the Postmaster General last March. When I left Edmonton on April 1 no acknowledgement of that telegram had been received. When I arrived in Ottawa I got in touch with the Postmaster General, reminding him that I had received no reply to this telegram, and he assured me he would reply to it, which apparently he did immediately. But instead of sending the letter from his office to my office, a matter of a few yards, the letter was actually addressed to me at box 34, rural route No. 3, South Edmonton, Alberta; and it was mailed on April 5, the very day I was in my place in this house. Apparently they did not even know parliament was in session. This letter was carried thousands of miles to my home, where it was delayed a week because of the condition of the roads. My family could not get back into town to forward the letter. Then again it travelled thousands of miles back to me here, in order to be delivered a few yards from the office from which it was originally mailed.

In this letter the Postmaster General states that the rules and regulations must be obeyed. He says first the householder must do his part. He must have a letter slot in his door; the house must be numbered, and there must be a sidewalk from the door to the street. Then the community must provide suitable walks and roads; the streets must be named, and so on. When all these conditions are fulfilled and ideal, then and not until then will the Post Office Department give the matter consideration.

You see, Mr. Speaker, the whole thing has been thrown into reverse. That is why one day I asked the Prime Minister (Mr. Mackenzie King) himself to tell us why members were originally elected by the people to assemble in parliament. The purpose was to prevent forced taxation of the people; and until we reverse the present process and abolish all forced taxation we shall gradually drift into dictatorship. Bureaucracy, of course, is the first step toward dictatorship.

The situation in the Grierson estate is this. We have 125 houses occupied by veterans and their families, all within the city limits of Edmonton, with no vacant space between this area and the old, established mail delivery routes. In other words, mail is delivered on the east, the west and the south. It is delivered on one side of the street, but not on the other side. In fact one family told me their mail was delivered at the front door but the mail man would not drop the mail of another family living at the back, even though he had to walk right past the door, because it was not supposed to be on his route.

All services are rendered by free enterprise without taxation; let us remember that. No one taxes these people for these services which are rendered voluntarily by free enterprise. There is no forced payment of any kind. But the Post Office Department forces these veterans to pay through taxation for this service which is not being rendered to them.

I saw the Minister of Veterans Affairs (Mr. Gregg) about this matter, and he asssured me his department would do all they could. I believe he has done so. I know he is extremely busy, but he has co-operated with the city of Edmonton, and his department has undertaken to pay $2,700 toward the cost of graveling these roads. The city of Edmonton will pay up to $2,550; but, since $7,800 is required, the sum of $2,550 is still lacking, and the sidewalks will not be built until that amount is forthcoming. Where is that money to come from? We cannot blame these veterans; they have done their part. They were willing to go overseas and fight. They did not ask for paved sidewalks, or even umbrellas. They left their homes, their business, their education. They made every sacrifice in order that we might be preserved as a free country. When they came back they looked forward to this wonderful new social order they were promised. These homes were not given to them. They had to buy and pay for them at high cost, plus interest. Now they find they are not to be given postal service. We cannot blame them. We cannot blame the postmen, the sorters and others in the Post Office Department. They are all loyal workers and many have volunteered to deliver mail to this very area. As a matter of fact, the department has discharged men from the Edmonton post office since the war, claiming they were not required. These men begged me to help them remain in the service. They liked the work and wanted to remain there. They were quite willing to deliver mail in this area, but their request was refused.

So we cannot blame the postmen. Nor can we blame the people of Canada, who have done all they possibly could. I do not think we can blame the bureaucrats, the higher-ups, because they tell me, "We are merely carrying out the rules and regulations laid down by you people in parliament." Therefore the only people we can blame are ourselves, who have permitted these rules and regulations to be introduced into this house and passed. Therefore, since you and I are to blame, we should pay for this extra service, which would mean but a matter of $10 each.

So, on behalf of the returned soldiers of this country I am assessing each member of the house the sum of $10. We get $4,000 a year plus $2,000, tax free, which we voted for ourselves; and it is nothing but fair and just that we should do so. Therefore in my hat I place my $10, and I shall go around and collect it from the other members.

Mr. SPEAKER: Order. The hon. member for Lake Centre has the floor.

Mr. ASHBY: May I pass the hat, sir?

Mr. SPEAKER: I would ask the hon. member to take his seat.

VETERANS LAND ACT—ADMINISTRATION, SASKATCHEWAN—REFUGEES AND DISPLACED PERSONS

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I am glad the hon. member has not carried out his threat to call on all of us. Before Your Honour leaves the chair, there is one matter I should like to bring to the attention of the house, namely the administration of the Veterans Land Act. During the period of the last two or three years I have had occasion, on more than one visit among my constituents, to hear complaints made in respect of the administration of the act. Within the last three or four months a change has taken place in the directorship. It is now presided over by Brigadier Rutherford who, in March last, in accepting the new position said that many of the anomalies in connection with the administration of the act would be removed. He pointed out particularly the necessity for an improvement in public relations. Among other things he stated that, in the administration of the act, he intended that the officials should—and I use his own words—"Never forget that they are servants of the veteran and of the public".

During the past two or three years on more than one occasion I have raised strenuous objection to the fact that, in settling individual veterans under the act, in too many instances areas within the province of Saskatchewan were being discriminated against. I very well realize that the objection taken by the administration in connection with new settlers going into certain of these areas might be justifiable. But in too many cases veterans who have returned to the areas in which they were raised have been denied the opportunity of settlement there. On a number of occasions I have brought these matters to the attention of the department, and I feel that, conditions not having improved or changed, the time has now come to bring the matter to the attention of the house.

I am not going to speak at great length this evening, but in support of my contention that in the administration of the act discrimination has been practised as against certain areas, I point out that various areas in my own constituency have regularly been denied settlement by soldier settlers desirous of maintaining themselves adjacent to their parents' farms.

Then, too, in addition to the fact that there has been discrimination, one has no opportunity to find out the reasons why settlement is denied; for whenever an individual asks why he is denied settlement in an area, or why his application has not been accepted, the answer in every case by the department has been similar to the one I now have before me, as follows:

> We regret to advise that our opinion of this farm must be treated as strictly confidential; and we are therefore unable to set out the reasons for declining.

I say that is unfair. When a decision is made against a veteran who desires to settle in a given area, the veteran should at least be entitled to the reasons why he has been denied the right to settle in the area where he believes he could make good. I would ask that this discrimination against certain areas in the province be removed, so far as veterans living in those areas and who are desirous of settling there are concerned.

My second objection to the present administration is that it is dilatory in its decisions. Veterans have to wait too long in too many instances for decisions regarding their applications. To show the effect of that, I would refer to one case only where a soldier settler intending to settle on land applied in 1946, and on January 14, 1948, received word that his application had finally been accepted. He also applied to purchase certain machinery. During the period between the time he made his application and the decision was rendered by the board, the machinery required for his purposes had materially increased in price. In 1946, when his application was made the price of an Oliver 70 tractor was $1,258; and by the time his application was decided the price of the tractor had gone up to $1772.25, or an increase of $487. He also required a 10-foot Oliver combine. At the time his application was made that combine could be procured for $1,460.90, but by the time the decision was made the cost had gone up to $2,046. Surely delays such as that should not be permitted. I realize the minister is not here at the moment, but I am suggesting that he make a full investigation of the situation with a view to removing those anomalies.

Then, too, I would place before the house the request of one branch of the legion in Saskatchewan—and it is generally approved now—that the amount of Veterans' Land Act grants and loans should be materially increased. I have before me in that connection a resolution passed by the Govan branch of the Canadian Legion, which summarizes the viewpoint generally held in that regard. Instead of enlarging upon it, I shall merely place the resolution upon record. It states:

That the dominion government be asked to increase the V.L.A. grants and loans to veteran farmers so that the amount of the grant or loan will have the same purchasing power today as the grant or loan to the veteran farmer had in September, 1945.

It points out increases which have taken place in prices of commodities the veteran has to buy. It points out that if there is to be reasonable equality as between veterans who today settle on the land and those who settled in September, 1945, there should be a material increase.

I pointed out discrimination against the prairies, and in that connection I have here a number of resolutions passed in various parts of the prairie provinces asking why it is that in their areas this is being practised. I pointed out instances of dilatoriness which I think are inexcusable. Then I want to refer to some of the arbitrary regulations which have been passed and which pare down the rights of the veteran under this act.

We in this house so often find ourselves in the position of passing an act which is generous in its application and then, because of regulations, we discover that the rights which flow from that act are greatly pared down by departmental officials. Prior to 1936, when regulations were to be passed under an act the act invariably contained these words or words to the same effect, "The regulations shall not increase or detract from the powers contained in the act." It is different today when we so often give the power to the governor in council or to officials to pass regulations uncontrolled in their application.

Under this act there are too many cases of regulations being passed which deny that fair and generous interpretation which the act should provide. I want to point out an instance of what I believe is an arbitrary attitude adopted by the administration of the Veterans' Land Act. I shall take the specific case of a number of veterans in Prince Albert who built houses on small urban holdings for which the act provides. They moved into their houses early in 1946. Each had been given a definite final price and they were promised certain further improvements.

After they had taken possession, they were advised that the price which had been quoted to them was incorrect and that a larger price would have to be paid, the increase being approximately $400. One man had actually signed an agreement for $5,575. He had made his monthly payments, but he was asked to return the agreement he had signed and to execute a new one for $6,020. That happened in eight cases in Prince Albert.

The veterans were advised that, unless they paid the larger price, they would have to vacate their premises. I say that is unfair and unjustified. Finally the one who had signed an agreement refused to sign another agreement. He had certain grants and allowances coming to him, and he received a notice from the departmental officials that unless he paid the larger price, unless he returned the agreement he had already executed and entered into another agreement for the price then asked by the department, he would be denied the allowances to which he was entitled. These are some of the reasons why I believe an investigation should be made even at this time into the administration of the Veterans' Land Act to the end that any injustice may be remedied.

I should like to see provision made for closer co-operation between the administration of the Veterans' Land Act and veterans in connection with providing machinery and the like. I found that when Mr. Mackenzie was minister and these matters were brought to his attention he invariably endeavoured to do what was humanly possible in order to assure a proper and necessary supply of the machinery required by the veteran. I realize the difficulties, but some provision should be made for priority of machinery, in particular priority of combines and the like when the present harvest season comes around.

I referred a moment ago to how regulations detract from the working out of the act, and I have here an example of an unjust interpretation of a regulation. The Veterans' Land Act provides an opportunity for veterans to take up land. I have before me the record of a veteran whose total disability was ruled in January last to be five per cent. Prior to his enlistment, this man had been a farmer, but he was turned down under the act on the ground that his physical condition would deny re-establishment as a farmer.

These are a few of the things which have caused injustice, which have caused unfairness and which have caused many veterans to believe that the administration of the act has not been as generous as the parliament of Canada intended it to be. I am not going to

say any more at this time, but I ask the minister, through you, Mr. Speaker, to review the situation in the prairie provinces generally and in Saskatchewan in particular, in order to remove the discrimination that is being exercised today against individuals who wish to settle in the areas in which they were raised, to the end that delays will be done away with as far as possible, that dilatoriness will be considered inexcusable in connection with matters such as this, that regulations will be widened rather than restricted as at the present time and that the provisions of the act will be carried out in accordance with the desires of parliament and the welfare of the veterans in general.

Mr. F. S. ZAPLITNY (Dauphin): Mr. Speaker, I wish to discuss briefly a matter which was raised earlier this afternoon by the hon. member for Vegreville (Mr. Hlynka) and the hon. member for Kootenay West (Mr. Herridge). I believe the house will agree that the provision of sanctuary to refugees is one of the oldest international institutions we know of. I have been looking around for a good definition of "refugee". I came across a little pamphlet written by John Hope Simpson, a gentleman who has been most intimately connected with refugee work from 1926 to 1933. His definition of "refugee" is as follows:

A "refugee" might be described as an involuntary migrant. He would rather remain where he is, but conditions religious, economic, political, or social have rendered his life there so uncomfortable or, indeed, so unbearable, that he is forced to migrate from his home and to search for more tolerable conditions of life elsewhere.

On the basis of that, I believe Canada has a definite responsibility to give sanctuary and help to refugees, regardless of whether they may be political, religious or any other sort of refugee. Aside from the more formal commitments we have made as a member of the united nations and as a participant in the international refugee organization, we have a moral responsibility, which I think is set out very well in the draft declaration of human rights which has been before the committee dealing with human rights and fundamental freedoms, and has found pretty general agreement among those who participated. I should like to quote from the second paragraph of article 10 of the draft declaration on human rights:

Individuals shall have the right to leave their own country and, if they so desire, to acquire the nationality of any country willing to grant it.

Article 11 reads:

Every one shall have the right to seek and be granted asylum from persecution. This right will not be accorded to criminals nor to those whose acts are contrary to the principles and aims of the united nations.

I think on the basis of the definition I have given of "refugee" and the draft declaration I have just quoted, we in this country, regardless of where we sit in this house, can subscribe to the sentiments expressed in that declaration and to the commitment that Canada has entered into in promising to do her share in providing a sanctuary for refugees and displaced persons.

Since some question might arise concerning the attitude of organized labour in this country toward the entry of displaced persons, I should like to quote from the evidence given by Mr. Mosher, president of the Canadian Congress of Labour, before the standing committee on immigration and labour in July, 1946. Speaking on behalf of the congress, he said:

The admission of refugees, though it has, of course, economic aspects, is primarily a humanitarian question. Canada is under an obligation to humanity to admit her due share of refugees even if it costs her something. It may actually bring her important economic benefits. But even it it does not, she must do her part.

That is the official attitude of the Canadian Congress of Labour. I should also like to quote a paragraph from a brief submitted by the Ukrainian Catholic Council, and endorsed by the Ukrainian Greek Catholic Diocese of Canada:

It is desirous that the dominion government, at the least, arrange for the immigration of the refugees who already have affidavits from their Canadian next-of-kin, and for whose transportation and welfare guarantees have been made by these Canadian citizens.

Lastly I want to quote from a speech by my own leader in this house on March 29, 1946, a passage which met with general agreement on all sides of the house:

Displaced persons or refugees who are relatives of persons living in Great Britain are permitted to enter upon request being made and certain assurances being given by those persons in Great Britain. It seems to me that if the British people with their many problems can open their hearts in this way, a country like Canada with its sparse population can give refuge at least to persons in the situation just referred to by the hon. member for Davenport.

Further on he said:

We are most anxious to see our country give refuge to those who have suffered, regardless of race or religion, particularly when they are relatives of persons in Canada who can offer them a home and a new beginning in life.

As I say, that statement met with general agreement on all sides of the house, and the debates on this question and the comments made since that time have shown that the

members of this house are anxious to contribute toward the realization of that ideal.

I should like to make a particular plea to the government in connection with the many thousands in Canada who have applied to bring their relatives to this country from displaced persons camps in Europe and in whose cases action has not yet been taken. I do not say that in any spirit of criticism, because I realize the many difficulties with which the department of immigration is faced, but I would point out that many of those who have applied have given the best assurances possible that their relatives, on arrival in Canada, will not be a charge upon this country or displace any one from work, or take up anybody else's living space, for their relatives here have made arrangements for their housing and employment and have guaranteed to look after them in case of illness or unemployment. These applicants have been waiting now in some cases for two and two and a half years, and it is difficult to keep these arrangements open indefinitely. They cannot continue to wait year after year without knowing whether their relatives in Europe will be permitted to come and what the decision of the immigration department will be. I do hope that the government can find some way to expedite the applications already on file on behalf of displaced persons for whom the best possible arrangements have been made so far as housing and employment are concerned.

I would emphasize that a displaced person who has a relative in Canada is probably the most desirable type of immigrant, because he will find employment and become a useful citizen immediately upon arrival. I do not believe that we are now entering into a serious era of unemployment, but there are pockets of unemployment across the country today. Naturally some people are fearful lest new arrivals may displace labour in this country, but the ones of whom I speak are assured of employment and housing and a start in life by their relatives in this country. I hope, therefore, that the government will do everything possible to expedite the consideration of these applications so that these displaced persons may find a haven and a new start in life in this great country of ours.

The ACTING SPEAKER (Mr. Golding): I think I should call the attention of the house to the ruling which His Honour the Speaker gave in connection with airing grievances such as have been aired tonight. He pointed out that it was perfectly in order for an hon. member to raise any grievance; but, having done so, if some other member raised another grievance, it was not permissible to go back to the grievance first raised. I did not want to interrupt the hon. member when he was speaking, but I think I should call the attention of hon. members to that ruling, by which we must be governed.

Mr. LEWIS MENARY (Wellington North): Mr. Speaker, I should like to say a few words on agriculture. I have the honour to represent one of the best agricultural counties in Canada, if not the very best.

The ACTING SPEAKER (Mr. Golding): Order. The hon. member is out of order in raising that question. The estimates of the Department of Agriculture have been before the committee and will be before the committee again as soon as the house goes into committee of supply.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I do not intend to give a silent vote on this question regarding Palestine. I do not think the matter should have been brought up here, because a committee on external affairs is investigating that question. The Jewish people have been a very law abiding class of citizen, some of our best citizens.

The ACTING SPEAKER (Mr. Golding): The hon. member is out of order. The hon. member for Wetaskiwin (Mr. Jaques) dealt with the Palestine question; then we moved to another problem, and it is not in order for the hon. member to go back to the Palestine question.

Mr. CHURCH: I wish to point out two or three facts. We should have discussed this question, as I wanted to, regarding the scuttling of the British empire a year ago last spring. This scuttling has been going on in India and in many other places. We have an authority in the person of the high commissioner, Sir Alan Cunningham. He said that Britain could have brought peace to Palestine if she had been left alone. The Archbishop of Canterbury said that the UNO work has been dilatory and futile in bringing the parties together. There are many people who ruled that country beside the Arabs. They were the Persians, the Tartars, the Egyptians, the Greeks, the Romans, the Turks, the Christians and the Moslems. They have all inhabited and ruled the country. We should have some statement from the government if we cannot discuss all the aspects of this matter. If you are going to rule me out of order, Mr. Speaker, the question should have been ruled out of order at the start.

The ACTING SPEAKER (Mr. Golding): I should like to point out to the hon. member for Broadview (Mr. Church) that the hon. member for Wetaskiwin was in order when he discussed that question; but since other grievances were brought up after that hon. member spoke, it is not in order to go back to that subject again.

Mr. CHURCH: The Turkish people owned and ruled that country for many years past. During the first great war Lord Allenby went in there victorious, and Britain received Palestine under a mandate. I contend that we should have had a debate on this subject a year ago last spring when the matter was brought up. As I understand it, inasmuch as this question has gone to a committe you are ruling me out of order. I do not see why others were allowed to discuss it for two and a half hours. Many statements have been made which should not have been made. Britain is not to blame for the situation.

The ACTING SPEAKER (Mr. Golding): Order. I tried to explain to the hon. member as best I could that the hon. member for Wetaskiwin did raise the point, but after he had spoken, other grievances were aired. It is not permissible now to raise that point again. The hon. member is out of order.

Mr. CHURCH: I cannot argue with your ruling, but I want to say that if Britain had been left alone we never would have had any of this trouble. It is time that Britain helped her dominions before mandated countries. I say that the UNO has caused all this trouble, and the United States is on again, off again, on again. Their policy has been one which has led to the whole trouble regarding Palestine, and the empire seems to be scuttled accordingly. Britain is one country which has defended the Jewish people all through its whole history, and she is getting nothing out of this but abuse, heartaches and headaches. That has been the result of this mandate, which she carried out to the best of her ability. The Arab people have been in that country for many years past. There are two sides to the question. I am sorry that it has got mixed up in Canadian politics, because we have nothing to do with it. We are only a small country. The five big powers settled this question. The British government and Washington are to blame for this trouble and for the efforts to scuttle the empire. One of the places scuttled was Palestine; others were India and the Suez canal. We lost our lifeline to the Mediterranean.

I have been a great admirer of the Jewish people. They are among our best citizens. The UNO has proved to be a failure. If it would only close up for about a year we would have some hope of peace again.

[Mr. Church.]

DISCOVERY OF POTASH DEPOSIT IN SASKATCHEWAN

Mr. H. R. ARGUE (Wood Mountain): A matter which I wish to bring to the attention of the house tonight for a few minutes is something new, and something which I think is of considerable importance. I refer to the discovery made some time ago of a potash deposit in Saskatchewan. I should like to explain to hon. members that before that discovery no potash was known to exist in Canada. The fertilizer need of Canadian soil is large and growing. I should like to point out that surveys made by the Department of Agriculture, by the men who are qualified to make them, state that the present consumption of fertilizer in western Canada is some 57,000 tons. These experts estimate that future requirements will be approximately 237,000 tons, or four times the present consumption. In 1936 the consumption of fertilizer in eastern Canada amounted to something over 215,000 tons. In 1946 the use of fertilizer had increased to 571,000 tons, or an increase of 265 per cent.

I should like to point out that the main constituents of fertilizer in Canada used by Canadian farmers are phosphates, nitrates and potash. Of these three, potash is probably of the least importance, but it is of some considerable importance. Also, since 1944 Canada used 44,000 tons of potash.

As I said a moment ago, a potash deposit was discovered in Saskatchewan. It was discovered in connection with the drilling of a gas and oil well at Unity. The deposit was eleven feet in thickness, and had an average potassium oxide content of 21·5 per cent, which compares favourably with other potash deposits being mined at the present time for commercial production in other parts of the world. Because little was known of potash mining in Canada, experts from the Saskatchewan department of national resources and the dominion bureau of mines and resources paid a visit to New Mexico to study mining methods there. It was found that in New Mexico the potash deposits occurred much nearer to the surface. It was estimated by some of the experts that the potash deposit in Saskatchewan was perhaps too deep for commercial development. However, I want to point out that the oil and gas exploration work in that particular vicinity has been completed, and it is not known whether or not the potash deposit—

The ACTING SPEAKER (Mr. Golding): Order. The hon. member is also out of order. There are items in the agricultural estimates

which cover fertilizer. If that is so, then he would be out of order.

Mr. KNOWLES: On the point of order, Mr. Speaker, while the hon. member made reference to fertilizer, his interest is in the development of potash resources which, I understand, comes under the Department of Mines and Resources, and not under the Department of Agriculture.

The ACTING SPEAKER (Mr. Golding): If the hon. member for Winnipeg North Centre is correct, then it is out of order. So long as it comes under any estimate it is not in order to raise the point as a grievance. If, as the hon. member said, it comes under mines and resources, then an opportunity is given to discuss it under that head. Matters that come up on the estimates cannot be raised as a grievance as hon. members are doing now.

The estimates give members an opportunity to discuss these problems when they come up. It is only when there is not that opportunity that hon. members should take advantage of the opportunity, when we are going into supply, to raise some grievance.

Mr. MacNICOL: These are not grievances anyway.

The ACTING SPEAKER (Mr. Golding): No.

Mr. ARGUE: Other members have taken part in the discussion this evening and have raised various matters. If you enforce a rule such as that, Mr. Speaker, it seems to me that it would make entirely impossible the discussion of any matter on the motion to go into supply.

The ACTING SPEAKER (Mr. Golding): For the benefit of the hon. member himself and that of other hon. members, I will read what His Honour the Speaker said to hon. members the other day at page 3987 of *Hansard:*

Mr. Speaker: Before I leave the chair I should like to draw the attention of hon. members to citation 488 of Beauchesne, second edition, page 148:

"Whenever an order of the day has been read for the house to resolve itself into the committee of supply or the committee of ways and means, the motion 'that the Speaker do now leave the chair' must be proposed, except in cases provided by standing order 28. When such motion is proposed, it shall be permissible to discuss any public matter within the powers of the federal parliament or to ask for the redress of any grievance, and it is not necessary to move an amendment for that purpose; provided that the discussion and the amendment, if one is moved, shall not relate to any decision of the house during the current session nor to any item of the estimates, nor to any resolution to be proposed to the committee of ways and means, nor to any matter placed on or whereof notice has been given in the order paper."

I should like also to bring to the attention of hon. members the last part of citation 345 at page 137 of Beauchesne, third edition:

"Members may discuss various matters on the motion for the Speaker to leave the chair without any amendment being proposed. . . ."

Then I call attention to the following:

". . . but once debate is stopped on one matter and another matter intervenes, members cannot again discuss the former."

That was the point I was trying to raise. It is quite clear that if the point the hon. member is now bringing to the attention of the house comes under any estimate, then he has full opportunity of discussing that under the estimates. It would not be in order to raise it as a point of grievance. I think we should abide by the rules.

Mr. KNOWLES: On the point of order, Mr. Speaker, I should like to make clear what I said a moment ago. This matter which the hon. member for Wood Mountain (Mr. Argue) is raising, comes under the Department of Mines and Resources; but I think his point is that there is no specific item in the estimates providing for that which he is asking to be done. If the interpretation of the rule that you are making holds, it would mean that there is literally nothing that can be discussed on a motion to go into supply. That same ruling, if applied strictly, could have stopped the discussion on immigration, on the ground that the matter could be discussed under the estimates of the immigration branch; the same rule could have stopped the discussion on Palestine, on the ground that it could be discussed under the estimates of the Department of External Affairs and so on with regard to all the matters discussed today. But I would point out also, Mr. Speaker, citation 243 of Beauchesne, second edition, which reads as follows:

243. In determining whether a discussion is out of order on the ground of anticipation—

And that is what you are doing, Mr. Speaker; you are telling the hon. member that he must anticipate the fact that he can do this at another time.

—regard shall be had by Mr. Speaker to the probability of the matter anticipated being brought before the house within a reasonable time.

I submit that it was under that latitude that Your Honour or Mr. Speaker himself permitted the other discussions, and that under that same latitude the hon. member for Wood Mountain should be permitted to go ahead with this point; because I submit that the probability of this subject being brought before the house within a reasonable time is somewhat remote.

The ACTING SPEAKER (Mr. Golding): The rule that the hon. member has read would not apply. The estimates will be before the house; indeed, some of them are now before the house. I submit that this discussion is out of order, and that we should go on with the business of the house.

FLOOD CONDITIONS—BRITISH COLUMBIA

Mr. E. D. FULTON (Kamloops): Under the circumstances, Mr. Speaker, and having regard to the ruling to which you have referred, I think the subject I should like to discuss for a few minutes at this time is in order, it being a matter that cannot be discussed at any time under the estimates, one which has arisen within the last few hours and one on which I should like to ask the government to take action which so far they have not indicated that they are willing to do.

I refer again to the flood situation in British Columbia; and I do so because I have just received word, through a Canadian Press dispatch headlined Vancouver, 9.11 p.m., to the effect that the Premier of British Columbia, Mr. Johnson, has declared martial law in the British Columbia flooded areas, and that he has implored the army to conscript civilians. There is another item, datelined 9.18 p.m., reporting the declaration of an emergency and calling on the local army commanders to call out all troops available in the province to assist in handling the situation. As hon. members will have seen by the press, apparently the floods are becoming worse hourly. The last actual information we had was that the Kootenay and Columbia river systems were now going on the rampage, had burst a dam and inundated some 8,000 acres of wheat land and were—I do not state this as fact but as a rumour—imperilling the Consolidated Smelters plant at Trail, British Columbia, or at least placing it under some danger.

I rise to speak on this matter now, because this afternoon, when it was raised before the orders of the day were called, the Prime Minister (Mr. Mackenzie King) indicated in a statement he made that he felt there was no reason to believe that the local authorities, the Red Cross and such other charitable and auxiliary organizations could not cope with the situation. Although I have not had a chance to see the report of his remarks in *Hansard*, as I recall it he went on to indicate that the present feeling of the federal government was that it was not a matter on which they should, of their own accord, take any action; and he supported the stand in that regard set forth by the Minister of Public Works (Mr. Fournier) on Friday last.

That to my mind indicates clearly that, with respect to initiating any action, the federal government have not up to the moment felt that they should do anything of the sort. Now that we have this situation growing so much worse that the premier of our province has had to take the important and serious step of declaring martial law and asking that the troops be called out—not to impose order but simply to help him handle the situation—I think that fact speaks for itself, and it must be obvious that the situation is far beyond the control of any local authority. Therefore I take this opportunity of raising the matter as a grievance, because I think it certainly would give us cause for a grievance if the government should not change their attitude. We ask that they change their attitude, that they now take the initiative in calling out the troops and in taking measures to make available, of their own accord, funds with which to buy materials for the relief of those suffering from the floods; also to make funds available to provincial and local authorities for the same purpose; and also to make supplies available.

I should like to pay tribute to what the forces are doing at the moment in the supplying of sandbags, tents and, I believe, food supplies as well in these stricken areas. But it is obvious that not only to cope with the existing situation but to rehabilitate the areas being devastated will be very expensive, and will require a great quantity of supplies. So I think the federal government should take the initiative in making funds available to assist in that work and in gathering together those supplies and sending them in the quantities in which they will be needed, as I say, to deal with the floods and to rehabilitate the areas, to drive the waters back and to divert the streams to their former channels.

Then I think the question will arise in regard to compensation for those who have lost their crops, their homes, their livestock and so on in the floods; but that will have to come up later. The request I make at the moment is that the government change its attitude. We have three ministers in the house at the moment. I wish the Prime Minister were here. but perhaps one of the hon. gentlemen who occupy the front benches at the moment will communicate with his colleagues in the government; and in view of the emergency that exists I am sure they would be willing even to have a special meeting so that we might have some assurance, if not tonight, then the

first thing tomorrow, in regard to what has been done and what will be the future action by this government to assist our own province to deal with this terrible emergency.

Right Hon. J. G. GARDINER (Minister of Agriculture): The answer given by the Prime Minister (Mr. Mackenzie King) today, as I understood it, was in reply to a request from the hon. member for Kootenay East (Mr. Matthews), which in turn came from the town of Kimberley. The answer was to the effect that this government would not deal directly with the town of Kimberley or any other town or city, but that this government would deal with the provincial government through the premier of the province. Any appeal made to this government by the premier of British Columbia certainly will receive consideration and will be acted upon. That has already been demonstrated. The troops have been made available; the navy has been made available, officials of the various departments have been made available; I understand that the health department have offered their services in taking care of persons who may require medical attention, and I believe every assistance that has been asked for so far has been granted. As far as I know, nothing that has been requested through the proper channels has been denied; and I am quite sure anything that can be supplied will be forthcoming. The only suggestion made this afternoon was that requests should come from the correct source, that is through the premier of the province, and I am sure, when those requests are received, everything possible under the circumstances will be done.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, as one coming from a different part of the country, may I take just a moment to support wholeheartedly the remarks of the hon. member for Kamloops (Mr. Fulton) and the statement made this afternoon by the hon. member for Kootenay East (Mr. Matthews), together with the appeals for British Columbia made on previous occasions by other hon. members from that province. We all know and appreciate the steps that have already been taken by the Department of National Defence, the offer made by the Department of National Health and Welfare, and anything else that may have been done by the federal government. But I want to say further that anything done by the federal government in the name of the people of Canada as a whole to assist our stricken fellow citizens in British Columbia will, I am sure, have the support of Canadians from coast to coast. I happen to come from an area which only a short time ago suffered a flood condition which we felt to be extremely serious, but even parts of Canada that have not had this experience will, I am sure, support me when I say that in a time like this we are Canadians all and anything this government can do for the people of British Columbia, even if the cost should run into large figures, will have the support of all the people of this country.

Motion agreed to and the house went into committee of supply, Mr. Golding in the chair.

MINES AND RESOURCES

161. Departmental administration, $305,232.

Item stands.

SECRETARY OF STATE

428. Departmental administration, $141,048.

Item stands.

DEPARTMENT OF AGRICULTURE

Special—

30. Prairie Farm Rehabilitation Act and water storage (does not include the costs of survey and engineering work on the Medicine Hat irrigation and Red Deer diversion projects in Alberta and the South Saskatchewan river project in Saskatchewan, which costs are to be made available from the item of $1,000,000, No. 409, Department of Reconstruction and Supply), $3,000,000.

Mr. BENTLEY: When we were dealing with the agriculture estimates the last time we were in committee the minister told about the interprovincial council or water board, as I believe he called it, and explained that they were acting in an advisory capacity, but that any recommendations they made which were acceptable to the four governments concerned, which I suppose would be the governments of the three prairie provinces and the dominion government would be put into operation. I believe that is correct?

Right Hon. J. G. GARDINER (Minister of Agriculture): That is going a little further than I went, I think. We are not committed to get any project under way. This board is called the prairie provinces water board. It considers projects that should be recommended, and makes recommendations; but that does not compel any of the authorities to go ahead with the work.

Mr. BENTLEY: But I believe the minister said, if this government accepted it and passed an order in council, and the province affected also passed an order in council, that would be the go-ahead signal?

Mr. GARDINER: At that time I was speaking of the division of water as among the provinces. When that is accepted and the provinces pass orders in council that will go ahead. But I assume no order in council will be passed by the federal government until we are prepared to proceed. When we pass an order in council the money will be available and we shall go ahead.

Mr. BENTLEY: In the event of a project being undertaken after this procedure has been followed, I should like to be clear on one thing. Let us say the project was a large water storage undertaking which had to be agreed upon by all the provinces, since it had reference to a river passing through two or more of the provinces. In the storage of this large amount of water, one province might have many of its citizens affected in their property, farms and so on, or grazing land, or whatever might be wherever the lake is created to store the water. In addition, roads and other public services, even telephones lines, might be disrupted. Would the province affected in that way have to stand the whole of that cost itself, or would there be an arrangement under which that province would be reimbursed by this government and the other two provincial governments concerned?

Mr. GARDINER: An agreement will be drawn up between the governments concerned and this government as to what is to be done. For example, we have an order in council which has already been passed and which has been accepted by each of the provinces, which indicates that, before the federal government will proceed with any project, we must have an undertaking from the province that any lands belonging to the province which are to be flooded will be turned over to the dominion. Then there is the further undertaking that the water will be utilized, that either the province or some organization set up for the purpose will utilize the water for irrigation or power purposes. These undertakings will be given previously; and the conditions under which any particular project will be carried on will be written into the agreement. But, in so far as any works we have done up to the present are concerned, when we have flooded roads we have had to put a new road in, if that were possible. Where it has been necessary to raise grades because of the storing of water, we have raised grades. Where it has been possible to put in a bridge, we have put a bridge in.

Mr. BENTLEY: The P.F.R.A. branch of the department?

[Mr. Bentley.]

Mr. GARDINER: Yes, at Valmarie, and dams which have been put in outside of Regina and elsewhere. We have taken care of any extra costs put on because of the work. In some places where railway lines have had to be changed, we have become responsible for them. We make our decision on that before we enter upon the project. If we decide that it will be too expensive we do not enter upon the project; but if we decide to go ahead with them, then we have done those things.

Mr. BENTLEY: To be specific, what is worrying me in connection with this is that the Minister of Public Works has just announced that an order in council has been passed permitting the building of a bridge at Saskatchewan Landing but with conditions. One of the conditions is that the provincial government would be responsible for any damage that might occur if the bridge should be submerged by reason of the P.F.R.A. building a water storage at Tichfield, or whatever it happens to be.

It may be difficult for Saskatchewan to agree to any large water storage plan, or to pass an order in council for any large water storage project such as might be considered later on, unless the government here is prepared to give consideration to taking care of that additional cost. I think we should have some announcement in that regard.

Mr. GARDINER: So many things are involved before we get that far that I do not think an announcement would be of much use at this time. All I can say is that it is estimated there will be a certain cost result because of the bridge already across the Saskatchewan river south of the point in question where the dam is to be built. That area will be flooded. The railway goes across at that point. The cost of taking that bridge out of there altogether and putting the railway across somewhere else is all involved in these costs.

On the other matter, as to the bridge north of Swift Current, as I said the other night it has been estimated that if a certain dam were built—not the one the hon. member is speaking about, but another dam—to serve a little different purpose, the water would be raised only fourteen feet. And if it is raised only fourteen feet, then all that is required is a bridge to take care of that. That is what I understand the provincial government intends to build. But they are being asked to put in abutments which will carry a bridge fifty-three feet higher. And when that time comes,

if we were going to build the dam I imagine there would be some cost which would have to be taken care of as part of the costs of putting in water storage. But as to what part it would be, I am not in a position to say; and I do not think anyone can say. There would be some part of the cost of raising the bridge, of putting it at a different level, which would probably have to be taken care of as part of the expense of doing the construction.

Mr. BENTLEY: By all concerned?

Mr. GARDINER: Yes.

Mr. MacNICOL: I should like to add something to what has been said with respect to water storage on the Saskatchewan river and the use of that basin's water for the two main purposes of irrigation and power.

I would judge, from what has been said by the minister, that the program as to what is to be carried out is not yet in definite form, and in my opinion that is all to the good. It is a big job, and it will have to be surveyed from every angle. Having covered most of the great rivers in western America which have been put under control for irrigation and power purposes, I can also say I have covered the Saskatchewan river. Five different trips were required to do the full job, and these were taken in as many recesses of parliament. During those recesses I did cover the river from its main source in the Columbia glacier right down to Grand Rapids. I do not mean I traversed every step of the river; but I investigated every pertinent area which had anything to do with flood controls, water conservation or irrigation.

Across the line they have followed the very same procedure and have set up a good program or a series of programs in connection with their control over their great rivers. I, myself, thoroughly surveyed the Platte river basin from its source in the mountains to its mouth where it pours into the Missouri river. The Missouri river program is not yet complete, but I have covered most of that part which is complete.

It starts in the Rocky mountains and flows into the Mississippi. I did the same in connection with the Colorado river, one of the great rivers of America, from where it rises in the southern part of Wyoming, Utah and northern Colorado right down to a point below Boulder dam, where the river flows between California and Arizona. In like manner I have investigated the Salt river valley in Arizona from its source in the mountains.

So I feel I have had some little experience in these problems. In each of those basins, the basin is under an authority. I have in mind the Tennessee valley authority, which I thoroughly surveyed from beginning to end. It was the first valley to have an authority. It was ten years or more ago, after the defeat of the Bennett government. I do not recall exactly whether the minister was in the house at that time, but if he was he will recall my proposing to the house that we should have a Saskatchewan river authority, so that there would be a unified program agreed upon by the different departments having to do with this matter in the three western provinces, in association with the federal government.

In the United States that is all under control of the bureau of reclamation. But its program is laid out after consultation with the very states through which the rivers flow. For instance, in connection with the Colorado river the conference takes place between Utah, Colorado, Wyoming, California and Arizona; and I believe one source in and of the river also touches the west of New Mexico. There are six or seven states in all.

In respect of the Tennessee river, it was a conference of seven states, through which the Tennessee flows or the boundaries of which it touches. In respect of the Platte river the states of Colorado, Wyoming and Nebraska were involved. The same program is now in operation in connection with the Columbia river which, I might say, has the greatest flow of any river in the United States with the exception of the Mississippi. It is a very great river indeed.

Mr. GARDINER: That is what this board is for.

Mr. MacNICOL: I am glad to hear that. Perhaps it has not come to fruition yet; but if the minister follows that program, a program similar to that followed by the bureau of reclamation, he will be on eminently safe ground, because each of those states has its own rights and privileges, the same as our provinces would have. In a conference you would decide how much of the flow would belong to each of the provinces in the west. In our case I would say approximately ninety per cent of the flow comes from Alberta. At Fort a la Corne I believe the average volume is about 56,000,000 tons per twenty-four hours, or something between 27,000 and 30,000 cubic feet per second.

The North Saskatchewan and South Saskatchewan have not the same flow. At Cole rapids the average flow of the North Saskat-

chewan is about 9,500 cubic feet per second, while at Saskatoon the average flow of the South Saskatchewan is about 11,000 cubic feet per second. The South Saskatchewan has the larger flow of the two rivers.

While it may not come under this vote, I think I should compliment the minister upon what he is doing on the St. Mary river. There he is following the program carried out in the United States and, as I have often recommended, of commencing conservation operations at the headwaters of all the source branches of the main river. I should think the board or authority set up to take charge of the Saskatchewan river basin should plan along the same lines as those followed in the United States. It should try to do on the other headwaters of the Saskatchewan river what you are now doing on the St. Mary river.

There are at least twenty-four splendid reservoir sites at the headwaters of the North Saskatchewan and at least six on the South Saskatchewan. There are more than that, but I have not seen the others. All those sites should be included in the final basin program for the conservation of that water. Water is the second most priceless resource of the prairie provinces. The first is land, but neither the one nor the other is worth anything unless they are both included in a program of conservation.

The land in the west has all the required chemicals to produce the food necessary for the maintenance of peace in the world. With a minimum rainfall of about ten inches, the water requirements of the whole basin can be met if conserved as outlined. The volume of water here is not the same by any means to be found in the United States rivers. In Salt river basin in Arizona they are able to provide three to five feet per acre. I doubt if they could raise any crops there without that water, but even with that amount they cannot raise any more in that hot climate than is raised in Alberta with a minimum of eighteen inches of irrigation water per acre, and even that is not always available.

I have made a careful study of the effects of water in southern Alberta. I learn that until July, 1947, they had average moisture conditions, but in July it went down to as low as ·21 inches of rainfall. That amount of rain is almost worthless. During the summer time they had only a flow of about 400 to 500 cubic feet per second from the St. Mary river, but with that they were able to produce about $85,000,000 worth of crops and livestock. If they had had all the water they should have had with a normal rainfall of about ten inches, they would have been able to produce crops of two more bushels of wheat to the acre than they did, or twenty bushels per acre.

The program the minister has in view will provide water, and I for one am going to support it as strongly as I can. We should store the water that God has given this western country. As I say, I have seen many good reservoir sites, at the cost of a great deal of exertion, particularly those on the North Saskatchewan. There is the large and splendid site at the gap and another one at the whirlpool, and twenty-five or more others, each of which could store a large volume of water. I am speaking from memory, but I believe I am safe in saying that there could be stored on the whole Saskatchewan river basin, mostly within Alberta, approximately 30,000,000 acre feet of water, water which now runs away to melt ice in Hudson bay.

I am glad the minister has taken hold of this project. If he is long enough in office, which I cannot say he should be—as long as he is in office, I for one will support this program to survey thoroughly and conserve the priceless water resources of the Saskatchewan river for use for irrigation and power.

If my memory serves me correctly, there could be developed, if the water is judiciously used, 5,000,000 horsepower more or less from the source to the mouth of the river. That is a lot of power. That would include the diversion of the river at Cedar lake, down through lake Winnipegosis and lake Manitoba. A very large amount of power can be developed where the diverted river would fall into lake Winnipeg at Dauphin river.

From my point of view it does not matter how much money the government must have to conserve the water on this watershed and to use it properly. As I said a few moments ago, in southern Alberta below Lethbridge, where only 250,000 or 300,000 acres are partly irrigated with approximately eighteen inches of water per acre, they were able to produce in 1947 $85,000,000 of new wealth. That would never have been produced without even that minimum amount of water. They are not getting maximum amounts like they do in Arizona.

The program the minister has envisioned is a gigantic one. It may cost $100 million, or perhaps $200 million, with the power development. On the basis of a 20-year program that means approximately $10,000,000 a year. That would be simply an investment; it would not be a charge at all.

I do not want to prolong this discussion. In a word this covers what I have in mind

about the Saskatchewan river. This is a gigantic profit-making program, and I am willing to support such a program which will be for the benefit of Canada.

Mr. DIEFENBAKER: I listened with great interest to the discussion of the hon. member for Davenport and I am in agreement with his views respecting the great possibilities and potentialities connected with power development on the western plains. But I do not share with him quite the optimism with which he views the immediate future and the probability of this development taking place, in view of the agreement entered into as between the provinces and the dominion.

I am very much in favour of the setting up of a water power board. It is necessary by reason of the divided jurisdiction between the provinces and the dominion covering the development of our natural resources. But order in council P.C. 2413 in my belief may well postpone indefinitely or for many years to come any development in connection with irrigation in Saskatchewan. I point out this, and I wish the minister would deal with it at some length. In the preamble to the order in council these words appear in paragraph 3:

> And whereas in view of representations received from the provinces concerned it is now considered desirable that any recommendations of the board should become effective only upon ratification by the two or more provinces concerned and by Canada;
>
> Therefore, His Excellency the Governor General in Council, on the recommendation of the Minister of Agriculture and the Acting Minister of Mines and Resources, is pleased, hereby, to approve the revised form of agreement, of which a copy is hereto attached.

Apparently some negotiations have gone on between the provinces and the dominion in the past two years in regard to this matter, and I would suggest to the minister that, in order to clarify the meaning of that portion of the order in council, he table in the house and make part of the proceedings of the house the reports or correspondence which have passed between the several provinces and the dominion with respect to this matter.

To this order in council is attached an agreement which I have in my hand. It provides for the setting up of a board to be known as the prairie provinces water board, to be composed of five members, two to be appointed by the governor general in council, and one by the lieutenant governor in council in each of the provinces, Manitoba, Saskatchewan and Alberta. Its functions are set forth, and those functions are mainly administrative, to collate and analyse the data now available relating to the water and associated resources of interprovincial streams with respect to their utilization for irrigation, drainage, storage, power, industrial, municipal, navigation and other purposes. Those powers are merely administrative powers.

The essence of the agreement is this:

> Upon the request of any one of the three provinces or the dominion to recommend the allocation of the waters of any interprovincial stream among the respective provinces.

In other words, the power of this board is restricted to the administrative job of collating the information and finally, upon the request of the dominion or the provinces, recommending the allocation of the waters.

I try to picture the situation—each of the provinces jealous of its own rights and powers, each of the provinces anxious to conserve as much as possible the waters that would ordinarily flow through its territory. Well, a recommendation is made, and then the trouble begins, because section 5 of the agreement reads:

> A recommendation of the board with respect to any matters referred to it under subsections c and d of section 4 hereof—

One of those has to do with the allocation of the waters.

> —shall become effective when adopted by orders in council passed by Canada and by each of the provinces affected thereby.

I fully realize the difficulties in getting an agreement with the provinces, but we have all had experience in recent years of the emasculating effect of the veto.

Mr. GARDINER: How would you propose to get around it?

Mr. DIEFENBAKER: I am just pointing out the difficulty at the moment. The effect of that is this, that nothing can be done without unanimity.

Mr. GARDINER: Oh, no.

Mr. DIEFENBAKER: I will read the section again:

> A recommendation of the board with respect to any matters referred to it under subsections c and d of section 4 hereof shall become effective when adopted by orders in council passed by Canada and by each of the provinces affected thereby.

The minister says that is not the effect, that it does not require unanimity, that any one province may not apply the veto. I say to him this: that is the way I read it; that is the way it is drafted; that is the purport of that section of the agreement in its present form. The minister asks: How are you going to get around that? I realize the difficulty, but I would point out this—

Mr. GARDINER: My hon. friend is missing altogether an obvious thing. As the hon. member for Davenport has just said, somebody will have at least $100 million; the only authority that can have that $100 million is the federal government, and I cannot conceive of the three provinces sitting down and saying: We are not going to allow the federal government to spend that money. The hon. member is starting off with the idea that the provinces will be doing something and spending a lot of money and that we shall not join with them. But the fact is that the provinces are going to start off with the assumption that the federal government is prepared to do the work and spend $100 million in the three prairie provinces, and actually there is $110 million involved in the program already outlined, to be spent over so many years. We go to the provinces and say: Before we can start, we must have a division of the water as among the provinces. It is not difficult at all to determine how much water did go over the boundary line; under any scheme of water rights the group down below can claim the total amount or a certain percentage of the water that flowed over the boundary line into its area, and that goes for the next 100 years as far as we are concerned.

Mr. MacNICOL: That is what they did on the Colorado.

Mr. GARDINER: Yes, and it cannot be done in any other way. That is what is being done on the St. Mary river now. We must, before some particular time, take advantage of the fact that this water is allotted to us, and that is why we are building the dam at this moment on the St. Mary river to store up the water to which we have a right as a result of the decision of the international joint commission. This board will operate in exactly the same way. There is nobody going to sit down and veto things like the Russian government. The provinces will be anxious to have the money spent in their respective provinces. They will be anxious to have the work done.

Mr. DIEFENBAKER: If they are so anxious, they would not have asked for the powers of veto.

Mr. GARDINER: They did not ask for the powers of veto. They refused to have an order in council with the power of veto in it.

Mr. DIEFENBAKER: All right; let me complete my argument. The very fact that the minister immediately jumps before I get even part of the way indicates that I have touched a point of pronounced interest.

[Mr. Diefenbaker.]

Mr. GARDINER: No, it does not indicate that at all; it indicates that the hon. member is trying to put up a theory which does not exist, and talk until eleven o'clock so that it is given publicity over the country and goes out that way. It just cannot go out that way in view of what I have said.

Mr. DIEFENBAKER: I say to the minister that if he has a plan for the expenditure of $110 million that is today being dangled before the western provinces, why did he not submit that plan to the provinces and secure their agreement to that expenditure, provided that it could be proven efficacious.

Mr. GARDINER: That plan was submitted to the provinces two years ago.

Mr. DIEFENBAKER: That is fine. If it was submitted to the provinces two years ago, why is it that they are not prepared to accept the plan that was submitted to them? If it has been submitted to them, then we already know that plan has not been accepted by each of the provinces.

Mr. GARDINER: No; the point is this. We did not assume the position that we have all the knowledge on the matter. We submitted to the provinces the plan which they thought they could improve upon. We have accepted some of their suggestions and put them in the form of this resolution.

Mr. DIEFENBAKER: In order to clarify the whole situation, I am pointing out that if the people of western Canada believe that the plan which the minister has placed before them could be carried into effect without the consent of the provinces they are due to be undeceived.

Mr. GARDINER: They are not being asked to do that; they are going to consent.

Mr. DIEFENBAKER: I am suggesting, Mr. Chairman, as I suggested a moment ago, that the minister table the correspondence which has passed between the provinces and the dominion. Again I repeat what I said a moment ago. If the general scheme for the expenditure of $110 million has been placed before the provinces, certainly—

Mr. GARDINER: Placed before this house and the country.

Mr. DIEFENBAKER: I appreciate the general plan, but I want to see how it was placed before the provinces. Certainly, as far as this house is concerned, what was placed before it was merely a generality. I wish the

minister would table the correspondence passed between the provinces and the dominion on this matter—

Mr. GARDINER: May I point out to my hon. friend that a considerable part of it is right in front of him, and he is discussing it under an item under which he is not entitled to discuss it at all. The whole plan is enunciated in the items that are recited, one being this very item, but part of it is covered in the next item, the St. Mary river dam project, which is already under way, and a very considerable part of it constructed. Then you go on down through the items and you find parts of it on the next page. The items have already been dealt with session after session. If you take the items which are mentioned in No. 30 and add them to the St. Mary river dam project it will amount to $110 million.

Mr. DIEFENBAKER: I am directing my attention at the moment to the general scheme which has been brought to the attention of the people of Saskatchewan. That scheme will cost approximately $66,000,000.

Mr. GARDINER: That is one of the projects.

Mr. DIEFENBAKER: What we have before us under item 30 amounts to $3,000,000 in 1948-49, and item No. 31, the St. Mary river dam project, amounts to $2,200,000.

Mr. GARDINER: In the projects that are here, there are: the Medicine Hat irrigation scheme, which is $4,000,000; the Red Deer diversion project, which runs somewhere between $15,000,000 and $20,000,000; the South Saskatchewan river project, which is $66,000,000. These items together will come very close to what is being proposed, and then there is the St. Mary river dam project, which will cost $15,000,000 to $20,000,000. These total up to around $110 million. The whole program is right in front of the hon. member.

Mr. DIEFENBAKER: Merely a survey of these various projects.

Mr. GARDINER: They have to be surveyed first.

Mr. DIEFENBAKER: I am asking the minister this simple question. Our people are being led to believe that within a couple of years a great construction proposition will be undertaken in our province, provided that it is proven by surveys to be efficacious and efficient.

Mr. GARDINER: And provided that the province is prepared to go on with the development.

Mr. DIEFENBAKER: Yes, we have that veto. It still rests with the province.

Mr. GARDINER: It is not a veto at all. It is whether they want to spend the money, that is all.

Mr. DIEFENBAKER: So that we can get this out of the sphere of a more or less ephemeral promise or the expectation of a hope, I am asking the minister to table the correspondence regarding the particular matter, and I am not going outside my own province. All I am asking for at the moment is the correspondence that passed between his department, or any other department of government, and the governments of Saskatchewan and Manitoba respecting the river projects in Saskatchewan.

Mr. GARDINER: I will answer that by saying that every bit of discussion and correspondence, and the forms in connection with it, have already been tabled in this house. The main part of it is the report of the engineers, and that has been a matter of discussion as between the province and ourselves. We have spent the money with regard to it, and we have the report. We have put the report on the table of the house. We have said to the provinces, Are you prepared to proceed with the development of irrigation or power as a result of the building of the dam, if it is built?

Mr. DIEFENBAKER: Are these questions in writing?

Mr. GARDINER: These discussions have all taken place, most of them orally as between the governments, but everything of importance in connection with the matter is in writing. It is set down, and it has all been placed on the table of the house.

Mr. KNOWLES: On a point of privilege, I wonder whether the committee might give unanimous consent to sitting on for another hour. If we were to do so we might get the minister's estimates through, and we might also have more complete returns on the Yale by-election. They are pretty good at the moment. They are as follows: C.C.F., 3,383; Liberal, 2,589; Progressive Conservative, 2,572. That is for 35 out of 122 polls.

Mr. GRAYDON: We will wait until a week tonight to get the real returns.

Mr. KNOWLES: That may be the end of Drew.

The DEPUTY CHAIRMAN: Shall I report progress?

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): Tomorrow we shall proceed to consider the budget resolutions, and if they are passed we shall take up second reading of Bill No. 228, to amend the Excise Act, and second reading of Bill No. 229 to amend the Customs Act.

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

The following is the English translation of remarks made in French on the date indicated.

Monday, May 31, 1948.

Mr. FOURNIER (Hull):

Aboiteau (abweto) s.m.

1. Aboiteau, dike, obstacle to the flow of water.

Fr.—The popular pronunciation is ***aboiteau***.

Can.—Aboiteaux are embankments constructed on a river bank.

2. Sluice, in a dam, laid out so as to close automatically when the tide rises and to let the water out at low tide.

Dial.—***Aboiteau***: a small cofferdam to impound water. ***Saintonge.***

3. Mass of disintegrated ice drifting on rivers at break-up time.

4. Windscreen of snow and branches, as a shelter against the wind while fishing on lakes or rivers in the winter.

HOUSE OF COMMONS

Tuesday, June 1, 1948

The house met at three o'clock.

THE MINISTER OF JUSTICE

TRIBUTES TO MR. ILSLEY ON HIS REPORTED RETIREMENT FROM MINISTRY

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, as members of this house I feel we would be remiss in our duty if we did not take this first opportunity to say how sorry we were to get the news last evening of the intention of the Minister of Justice (Mr. Ilsley) to retire from the government. In this house it is inevitable that among the different parties there will be differences of opinion, and that was so in this case. On the other hand I think I can say on behalf of members of this group and hon. members generally that there is no member on the government benches for whom the house as a whole and the country has had higher respect than the right hon. gentleman. He will be remembered in particular for the service he gave this country as wartime minister of finance. Even in that capacity people at times took his name in vain, but the job he did, particularly in the field of price control, will long be a monument to him.

Some of us might hope he could be persuaded to change his mind, but our experience with him has taught us that he is the kind of person who reaches a point where finality must be recognized. If it is definite that he is leaving us, we can only say that we are sorry indeed, but we wish him the very best.

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, this is an occasion on which I agree entirely with what has been said by the hon. member for Winnipeg North Centre (Mr. Knowles). I have known the Minister of Justice (Mr. Ilsley) for a long time. He is an old-timer in this house; and he must feel some comfort in hearing praise that is usually reserved until after a man is dead.

The Minister of Justice is a democrat. It is well known in this city that he does not blush when he gets into a streetcar. He does it naturally, without pose. He is a hard worker and he is honest. I need not say he is a gentleman, because all hon. members of this house are gentlemen.

Mrs. STRUM: No.

Mr. POULIOT: With one exception, which proves the rule. The Minister of Justice is a remarkable debater with whom I have had to cross swords on many occasions. I very seldom agreed with his policies when he was minister of finance, but that has not affected our friendship. It is remarkable the way this house respects freedom of thought and of opinion. We may entirely disagree and yet remain good friends. By the way, the late Colonel Ralston probably never understood why the Minister of Justice and I were friends, and neither could I understand how the minister could be friends with Mr. Ralston; but that did not affect our good relations.

When the Minister of Justice gives his opinion, it is clear cut; and then he has the great merit of acting accordingly. There is no possible mistake about the choice he makes. For a time he had the most thankless job of all cabinet ministers. As minister of national revenue, and as minister of finance in wartime, he was the goat of everybody in respect to his legislation, but no one ever suspected him of having a wrong intention. He meant well, in his own view. Now he is in the Department of Justice, which is supposed to be the kingdom of peace and calm. He is also the Attorney General of Canada, both positions of great responsibility, which he is filling very well. I wish him every success in life. I wish him in the practice of his profession the same success he had in politics, and at the same time I express my very best wishes to his charming wife and to his children.

Mr. GORDON GRAYDON (Peel): Mr. Speaker, I should like to join in the tributes paid this afternoon to the Minister of Justice (Mr. Ilsley). Long after the days of political differences have been forgotten, the basic foundations which support men in public life will remain. One of the things most of us will never forget is the sterling character of the

Minister of Justice, both in private and in public life, while he has been a member of the House of Commons and of the government.

Character in public men is always remembered. To the minister's attributes of integrity and honesty, and his generally sound approach to the many matters which came before him in his various capacities, the public will pay tribute long after he has left this chamber. Let me say to him that if in his presentations before the bench he adheres as strenuously to his point of view as he has in respect of arguments made by the opposition, I fancy we shall witness either a succession of judgments in his favour, or a series of resignations by judges; because there will be no compromise. His arguments will be clear-cut and well advanced.

When the resignation of the Minister of Justice becomes effective it will be a heavy loss not only to the government but to parliament and to the country. With hon. members who have preceded me, I wish him every success in the practice of the profession to which he is soon returning.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, if I did not rise first in the house this afternoon to express what I know is the general regret concerning the announced intention of the present Minister of Justice (Mr. Ilsley) to resign his portfolio at the end of June, it is because I felt that, happily, the time for valedictories had not yet come. The minister will be with us for another month at least, and will have further measures to introduce. I hope when he places them before parliament hon. members who have shown their esteem by their words and applause this afternoon will realize how important it is that they recognize his wisdom and judgment in matters of the kind.

May I say however, as I said last night when I was asked by the press to express my views respecting the announced intention of my colleague to retire from the ministry, that I know there will be general regret throughout all Canada that the Minister of Justice has found it necessary to consider retiring from his position as a minister of the crown to resume the practice of law.

To his colleagues in the cabinet, certainly his resignation will mean a very great loss indeed. It is one which will be deeply felt personally, and on public grounds by every member of the government. I cannot express too strongly how deeply I personally feel the loss.

It has been a pleasure this afternoon to realize that what I said last night, to the effect that I believe the minister's proposed retirement would be regretted by all parties in the house, irrespective of their political affiliations, has already been manifested. I would say more at the moment were it not that, as I say, the time for farewells has not yet come. There is still opportunity for my colleague to change his mind. We on this side of the house would be very happy if he did; and I hope that, should the minister return to the ministry at some later time, hon. members will recall what they have said this afternoon with regard to his exceptional ability, great integrity and fine record of public service, all of which is more than merited so far as my colleague the present Minister of Justice is concerned.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, at a time like this it is important that we have at the head of affairs in the country and as members of the House of Commons men of wide experience and proven character. Because of these two considerations, among others, we in this group regret that the Minister of Justice (Mr. Ilsley) has found it necessary to withdraw from the government. We wish him the greatest success, and trust that the work upon which he is about to enter will not prove such a heavy drain upon his physical strength as the duties of the offices he has occupied during the last few years.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, the Minister of Justice is a great public servant. While those from my native city of Toronto may not have agreed with everything he has done, let me tell him that he has the admiration and respect of the people of that large commercial and industrial city. Speaking personally, I have found the minister most courteous in any contacts I have had with him. He is a man of sincerity, of modesty, and of great ability. I wish him well in the years ahead.

Right Hon. J. L. ILSLEY (Minister of Justice): Mr. Speaker, I am most grateful to hon. members for the kindly sentiments they have expressed this afternoon. Naturally I had not expected that anything of the kind would occur in the house. Nevertheless I should like to express my gratitude to the hon. member for Winnipeg North Centre (Mr. Knowles) for his remarks at the outset, and I deeply appreciate the words of my old friend, the hon. member for Temiscouata (Mr. Pouliot), who was in the house when I became a member of it in 1926, and with whom my relations have been on the friendliest footing ever since.

I appreciate too what has been said by the hon. member for Peel (Mr. Graydon) and

also what he said last night in his message to the press. May I express my pleasure at the few words uttered by the Prime Minister (Mr. Mackenzie King), by the hon. member for Lethbridge (Mr. Blackmore) and by my old friend, the hon. member for Broadview (Mr. Church).

Naturally it is with feelings of regret that I sever my connections with the House of Commons, where I have been a member for twenty-two years, and thus terminate an experience which, on the whole, has been a pleasurable one.

As the Prime Minister has said, I shall be in the house for another month, and the time for valedictories has not yet arrived. Nevertheless may I say again how pleased and how touched I am by the remarks made this afternoon by hon. members from all parties in the house.

VETERANS AFFAIRS

CHANGE IN PERSONNEL OF SPECIAL COMMITTEE

Hon. LIONEL CHEVRIER (Minister of Transport) moved,

That the name of Mr. Bryce be substituted for that of Mr. McKay, and that the name of Mr. Matthews (Kootenay East) be substituted for that of Mr. Moore on the special committee on veterans affairs.

Motion agreed to.

FLOOD CONDITIONS

BRITISH COLUMBIA—STATEMENT OF GOVERNMENT'S POSITION—ASSISTANCE GIVEN BY FEDERAL AGENCIES

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I should like to say a word to the house about the government's position with respect to flood conditions in British Columbia.

Yesterday I was asked a question by the hon. member for Kootenay East (Mr. Matthews) with respect to the financial assistance which the government might be prepared to give to a certain municipality which he named. The hon. member had sent me a notice of his question in advance, and I had an answer prepared dealing specifically with the point he raised, namely, financial assistance by the government to a municipality.

I notice from accounts which appear in some of today's papers that an interpretation has been placed upon my answer which is not at all justified in the light of what the government has been doing, and is prepared to do with respect to meeting the very serious situation in British Columbia. I would refer hon. members to the question which appears in *Hansard* and to my reply thereto. They will see that my reply was directed solely to a matter of procedure and of method. I made it quite clear that what I said related solely to financial assistance. I stated that if there were need for financial assistance to British Columbia or any part of that province, the request for assistance from the dominion should be made through the government of the province. A municipality should make its needs known to the province, and the province would make its representations to the dominion. I shall read the last paragraph of my statement. It will be found on page 4553 of *Hansard*, as follows:

I assume that if the situation is such that the provinces in which these disasters occur would feel the necessity of financial assistance from the federal government, the government would be so advised by the provinces themselves. I do not believe we would be expected to act on communications received from municipalities. Municipalities would communicate with provinces in the first instance, and our action would be taken in the light of representations that might be made by provinces concerned.

I want to make it quite clear that my reply was to a question which was handed to me by the hon. member for Kootenay East. His question was supplemented by one from the hon. member for Kamloops, asking me to reply in reference to the situation generally. My reply was in reference to the situation generally in so far as financial assistance to municipalities was concerned. I had no other thought in my mind but to deal with the specific matter of financial assistance by the federal government to municipalities which had suffered injury.

May I say that from the beginning of the disastrous floods, our government has taken action, and that on a considerable scale, in co-operation with the government of British Columbia. Possibly the best manner of informing the house as to what has been done would be for me to have my colleagues who have been in touch with the premier of the province and with the situation there state to the house exactly what has been done by their respective departments in the last few days, and what the government is prepared to do.

Let me make this quite clear. From what I have been able to ascertain, I am sure the flood conditions in British Columbia constitute a very serious and grave situation. The federal government should be and is prepared to co-operate to the utmost with the province and help to meet it. We are prepared so to do, but in so doing we must seek to avoid confusion with respect to matters which will come up for subsequent settlement with respect to financial outlays involved.

For example, hon. members will have seen that the premier of the province has been giving directions to different branches of the armed services. That action would be altogether irregular and impossible under existing conditions without the consent of the Minister of National Defence (Mr. Claxton). I think I should ask the Minister of National Defence, in the first instance, to indicate to the house what has already been done by the armed forces, and then I should like my colleagues in some of the other departments to state just what has been done by their respective departments up to the present time.

May I make it perfectly clear that with respect to any request that comes to us from the province, that request will be immediately considered. The government of Canada is prepared to do all that it possibly can do in the way of co-operation with the province to meet the appalling situation that exists at the present time and which I am afraid may grow even worse.

Mr. GRAYDON: Before the Prime Minister calls on the other ministers, may I ask him to comment on the question which was raised in the house yesterday with respect to the suggestion made by the Minister of Trade and Commerce (Mr. Howe) when he was out there. I think the Prime Minister was going to look into that.

Mr. MACKENZIE KING: As my hon. friend knows, reference was made to some remark which the Minister of Trade and Commerce had made. I have not been in direct touch with the Minister of Trade and Commerce since, and I cannot say whether he was correctly reported. I am not in position to answer that.

Hon. BROOKE CLAXTON (Minister of National Defence): Mr. Speaker, I should be glad to supplement the rather short statement I gave the house last Friday in connection with the work being done by the armed forces in relieving the flood conditions. From the outset of this serious and difficult situation the Royal Canadian Navy, the Canadian army and the Royal Canadian Air Force, in accordance with instructions from national defence headquarters in consequence of my directions, have been co-operating in every way possible with the provincial and local authorities.

This began on May 23 when the first reserve army unit to get to work was activated at Kimberley. Since then a very considerable proportion of the reserve army units and virtually all the active army forces on the Pacific coast have been working full time.

I have kept in close touch with the situation and am receiving reports several times a day. There is continuous radio and teletype communication between the units in the Fraser valley and national defence headquarters. Last night I had two long-distance telephone communications with Premier Johnson. On the first of these he suggested that in order to co-ordinate relief activities it would be desirable to have them directed by Colonel Snow, the area commander of the Canadian army on the spot. Instructions were accordingly given by myself, both to Colonel Snow in a later conversation and through the chief of the general staff at national defence headquarters. I was also in touch through the night with further developments.

Perhaps I might briefly tell the house something of the activities of the three services so that hon. members will know the extent of the operations involved. As for the navy, these operations have been directed by H.M.C.S. *Antigonish,* a frigate at New Westminster, with Commander O. C. S. Robertson, G.M., in charge. He has under him thirty naval craft, including tugs, a supply ship, six landing craft, yard craft, motor boats and ships' cutters and whalers which are operating between the mouth of the Fraser river and Agassiz. Officers of both the Royal Canadian Navy and the Royal Canadian Naval Reserve are engaged in this operation.

The naval radio transmitting station at Sumas had to be evacuated this morning. That station is part of a network around the world, and it handles British commercial ship traffic in the northern Pacific. The job is being undertaken by the cruiser H.M.C.S. *Ontario,* at Esquimalt, which is handling the traffic from there. The R.C.N. have also established a complete communications network for the whole Fraser valley, centred at Aldergrove. It is in communication with Esquimalt and the army signal officer at Vancouver both by teletype and radio. All the various craft in the area are provided with walkie-talkies. These efforts in the field of communications are enabling local authorities to keep in touch with the situation and also enabling ordinary messages to be carried to and from the people concerned.

The army similarly has been doing a very considerable job in connection with signals. It is handling all the ordinary commercial traffic into Prince Rupert as the other facilities have been washed out. The army has been working to set up with the other services a number of wireless circuits operating from Vancouver to Edmonton and from Victoria to

Calgary to assist communications. Altogether 120 ranks in the army alone are engaged in this communications work and preparations are being made to handle all commercial traffic in the area should that become necessary. It is a very large undertaking. To assist in this, twenty-one army personnel were yesterday flown from Ottawa to Vancouver.

In addition, the army has been assisting actively in flood control by actual work on the reinforcement of dikes. It supplied all the sandbags asked for. Altogether 290,000 were flown into the area, and there are reserves of another 300,000 established at places between Winnipeg and Vancouver so that they can be flown wherever they are required. The army has made available to the Red Cross large numbers of tents, blankets, and equipment of various kinds, including pumps, assault boats, traction equipment, and so forth. It is working closely with the provincial and local authorities.

The air force has been supplying the air lift for sandbags and other materials, and in addition has been carrying considerable quantities of blood plasma, drugs, tents, signal equipment, water pumps, and so forth. All aircraft in the area have been made available to the authorities in the area for reconnaissance and relief work. A number of reconnaissance flights have been made, flying the provincial authorities over the area so that they can see what is being done. Altogether sixteen aircraft have been employed in the lifts, with five other aircraft engaged on the spot.

The R.C.A.F. has also been asked to make available hangars and other buildings for the reception of evacuated persons at Abbotsford, and the equipment depot in Vancouver; and it has provided cooks, cooking equipment and other facilities wherever required.

I am glad to say that Premier Johnson expressed great satisfaction at the co-operation being extended by the armed forces and it is a source of satisfaction that we should have been able to bring aid to the people in the area who need it so much. I can assure the house that anything further that can be done by way of co-operation with the provincial and local authorities will be done if it lies within our power.

Hon. members might be interested in a message I sent to the army and naval commanders on the spot last night:

> I would like you to know that the great efforts being made by the members of the armed forces to assist provincial and local authorities to meet emergency are greatly appreciated.

Mr. PEARKES: Will the minister give us some idea of the number of army troops actually employed on the reinforcement of the dikes?

Mr. CLAXTON: I do not know just how many are employed on the dikes, but altogether, of the army there are 1,300 assisting in the work of flood relief; navy, 750, and air force, immediately on the scene, apart from those engaged on transport work farther back, 250.

Hon. ALPHONSE FOURNIER (Minister of Public Works): Mr. Speaker, may I add a few words to what I said the other day with regard to flood conditions in British Columbia. At that time I mentioned that the deputy minister of public works was out there, and he returned to Ottawa yesterday. The situation as described in the newspapers is accurate, my deputy reports. He was out there to direct the work of the engineers of the Department of Public Works.

Our interest in these works on the Fraser river may be divided into two phases. The first is dredging from the gulf of Georgia on the north arm and west of New Westminster, and on the main river. We have been dredging for a good many years on the north arm and on the main river. That helps to increase the flow of the river. We have two dredges working continuously on that part of the Fraser river, and at different times have awarded large dredging contracts. This is one way in which we help to regularize the flow of the Fraser river.

The second kind of work to which we have contributed in the past has been to help in the construction of dikes at Agassiz, Kirkland island and other places. We have contributed through the diking commission of British Columbia to the erection and maintenance of some of these dikes, and we propose, after these terrible conditions are over, that so far as navigation conditions justify we shall continue to help in the construction of these dikes. Our engineer out in British Columbia has been instructed to co-operate and offer his services and those of all his staff to the provincial and municipal authorities, and they are at the disposal of the people of British Columbia to give what help they may.

Right Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, a few days ago when questions were asked with regard to the floods in British Columbia I said that Mr. L. B. Thomson, director of rehabilitation, P.F.R.A., was already in British Columbia. He had gone there in the first instance to check our engineers at Kamloops and elsewhere with regard to the work that is being done, but when the flood conditions developed we imme-

diately asked him to report fully on all developments so as to make it possible for us to arrive at conclusions as to what might be done to avoid similar occurrences in the future. Since then inquiries have been made with regard to what assistance might be given in providing feed grain and feed for livestock and poultry generally. Wires started to come through about three days ago. Prior to that we had Mr. A. M. Shaw in British Columbia. He is the director of marketing and the member of our departmental staff who had charge of the distribution of feed grain throughout Canada during the war period. Under him Mr. Davidson was carrying on as the director or feeds administrator during that period. Recently he went to the wheat board at Winnipeg. He has been seconded back to the Department of Agriculture and is in British Columbia directing these activities toward maintaining feed supplies at present. The main feature of the directions has to do with export grain which is in the elevators at the coast, and orders have already been issued to retain that grain there until such time as we know that the supplies will be sufficient.

I am informed that there are about two or three weeks' supply of feed grain at most places but there is difficulty in making new shipment into these areas. Grain is being moved as near to the area as possible in order to have it available at any time that there may be shortages. Up to the moment we have replied to all requests that have been made for assistance, to make it certain that grain will be available for feed as time goes on.

Hon. PAUL MARTIN (Minister of National Health and Welfare): When the flood conditions were made known last week I communicated at once with the minister of health in the province of British Columbia, and offered the services and the facilities of this department, both in British Columbia and here at Ottawa. I may say that judging from the telephone call I had this morning from Mr. Pearson, the situation under his direction and that of the deputy minister of health, Doctor Amyot, seems to be well in hand. The doctors and nurses, the ward aides and the hospitals of this department in British Columbia, have been placed at the disposal of the department of health of British Columbia for whatever use in the circumstances the authorities deem best. Everything that we can do to help will be done.

Hon. J. J. McCANN (Minister of National Revenue): The assistance which the Department of National Revenue can render in an emergency of this kind may not be very great, but such as it is, it may be appreciated by those affected. The time for filing income tax returns expired yesterday, but in view of the exceptional conditions which prevail in many parts of British Columbia I wish to state that income tax returns of those affected by flood conditions in that province will be accepted up to the end of June, without penalty for late filing.

Mr. G. J. McILRAITH (Parliamentary Assistant to the Minister of Reconstruction and Supply): I think I ought to say on behalf of the Department of Reconstruction and Supply that other activities that may be of assistance to those suffering by reason of flood conditions are being carried out. The Central Mortgage and Housing Corporation, through the emergency shelter administration, have made available to the Red Cross space in the Dunsmuir hotel and the old Hotel Vancouver for their work, and also for temporary shelter for evacuees from the flood areas. I might also add that Trans-Canada Air Lines have moved all available equipment into the area in an effort to help meet the transportation needs arising out of the emergency.

Mr. E. D. FULTON (Kamloops): The people of British Columbia, and certainly those of us from there who are in this house, will be grateful I know for the assistance which has been given, and which has been detailed by the various ministers who have spoken. I should like to ask the Prime Minister a question arising out of what he has said, and the general statements which have been made. The question is this: Are we justified now in assuming that this represents to some extent a change in the position which the Prime Minister announced yesterday, when he said—

Some hon. MEMBERS: No.

Mr. FULTON: —that the primary responsibility rested with the local authorities, and that the government felt—

Mr. SPEAKER: Order.

Mr. GRAYDON: The hon. member should be allowed to say something.

Mr. SPEAKER: The hon. member knows very well that in putting a question he should not make a statement. I suggest that he put his question.

Mr. FULTON: I am trying to do it as briefly as I can. That is the general subject of my question. It is based on the Prime Minister's remarks which are to be found on page 4553 of *Hansard*. My other question is this. Is any provision being made or con-

templated for the extension of financial relief by the federal government to those who have suffered loss as a result of the flood?

Mr. MACKENZIE KING: Over a good many years I have had to consider problems which related to the provinces, the municipalities and the dominion government, and I have had enough experience in these matters to realize that unless some course is followed which is consistent there are bound to be difficulties arising in the matter of making settlements, especially in dealing with finance. There we are dealing with the people's money; it is certain to be most embarrassing to all concerned if there is any room for misunderstanding. When one is handed a question, or asked a question on the orders of the day, one naturally looks at what the intent of the question is. The question addressed to me yesterday by the hon. member for Kootenay East (Mr. Matthews) was in writing. It related specifically to financial assistance to a municipality. I came in the house prepared to give an answer to that question. The answer I gave was that in connection with matters relating to financial assistance, the dominion government would consider these matters when representations were made by the province, but that it should not be expected of us that we should deal with requests that came from individual municipalities, or give undertakings to municipalities. That is the substance of what I said yesterday.

In my reply yesterday the general question of what the government was doing in other directions did not enter my mind, because it was concentrated on the specific question. There is no change in the government's attitude from what it has been. I suggest that the hon. gentleman will see from what the ministers have said that we did not wait a day, in any of the departments of government that were in a position to give assistance, to render such assistance as we possibly could.

The hon. member for Kamloops (Mr. Fulton) has asked me about the financial assistance that we are prepared to give. I would reply to that question that when we receive from the Premier of British Columbia a statement in which the premier sets forth the need for financial assistance, we will take immediately that request into consideration, and will deal with it on lines which we believe will be considered fair and just by the province and by the dominion.

Mr. MANROSS: In the budget debate the Minister of Justice said that the surplus could be used for a rainy day.

Mr. MATTHEWS (Kootenay East): As one of the members from British Columbia may I say this. After listening to the statement made by the Prime Minister, and by the ministers of the various departments, I wish to express my appreciation on behalf of the people of the province of British Columbia for the helpful steps that have already been taken by the government and the ones they are taking now. It has been very interesting to hear what the various ministers have said, but I should like to have heard from the Minister of Finance (Mr. Abbott), because after all he is the one who has to do with the people's money.

Mr. SPEAKER: The hon. member will understand that I cannot permit debate on this matter. If he has any questions to put to the government, he may do so.

Mr. MATTHEWS (Kootenay East): I have no question; I am merely expressing my appreciation of the government's action.

Hon. DOUGLAS ABBOTT (Minister of Finance): I want to interject one remark in reply to what my hon. friend has said. I made no comment because the Prime Minister has indicated a general statement of policy with respect to financial matters; therefore it did not behoove me to add anything to what he said.

Mr. GRAYDON: May I ask the Minister of Finance a question? As the member for Kootenay East has said, we have heard from all the ministers, and they have told us of the work that has been done in connection with the floods. What the people of British Columbia would like to know is just what this parliament and this government are prepared to do in the way of giving cash grants and assistance to take care of the tremendous loss which the province has suffered.

Some hon. MEMBERS: Order.

Mr. GRAYDON: I do not think it is enough for the Prime Minister to say that he is going to consider it.

Mr. SPEAKER: Order.

Mr. GRAYDON: Some policy should be announced by this government.

Mr. ABBOTT: I am not going to make a political speech about that, Mr. Speaker.

Mr. GRAYDON: You have made some before, so you are experienced at it.

Mr. SPEAKER: Order. I must remind the hon. member for Peel that the rules of the house apply to everyone.

Mr. GRAYDON: But surely, Mr. Speaker, the rules apply to ministers as well as to the opposition. We are only trying to get some policy from the government, but they will not give us a policy.

H.M.C.S. "MAGNIFICENT"

REFERENCE TO ARRIVAL AT HALIFAX JUNE 1

On the orders of the day:

Mr. J. H. DICKEY (Halifax): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Has the minister's attention been called to the fact that today is the day on which Canada's new aircraft carrier is to arrive at her home port, Halifax?

Hon. BROOKE CLAXTON (Minister of National Defence): I am glad indeed to say that the ship *Magnificent* lands in Halifax today. She is the first aircraft carrier to be equipped with a squadron of Sea Furies and also a squadron of Firefly IV aircraft. The ship is winterized and will make a trip this summer to the arctic as far as Hudson strait. The R.C.N. will welcome her joining them.

Mr. GRAYDON: The hon. member should have given notice of the question.

WAYS AND MEANS

The house in committee of ways and means, Mr. Macdonald (Brantford City) in the chair.

EXCISE ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Act to repeal, effective on and after May 19, 1948, the excise duty on spirits used in the production of vinegar.

Mr. FRASER: Under the budget as it was presented to the house I was pleased to see that the minister took the tax off alarm clocks, flatware, and Braille watches, though he should never have had a tax on these watches, since they are for the blind.

Hon. DOUGLAS ABBOTT (Minister of Finance): This is the Excise Act, and it deals with the tax on vinegar.

Mr. FLEMING: In what order does the minister intend to have these different resolutions called?

Mr. ABBOTT: Actually I had intended to take the Excise Tax Act, but the chairman called the Excise Act first. Since he has called the Excise Act we will proceed with that; then the Excise Tax Act; then the tax on Braille watches and one thing and another; then the Dominion Succession Duty Act, the Income War Tax Act, and finally the Customs Tariff.

[Mr. Speaker.]

Resolution agreed to.

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide, effective on and after May 19, 1948:

1. That the sales tax on the following list of articles be repealed: (a) shortening, soups, rice, yeast, yogurt, barley, split peas, peanut butter, biscuits, cookies and similar articles, pastry, cake, biscuit and similar mixes, cereal breakfast foods not including beverages, foods prepared and sold exclusively for feeding infants, fruit, canned, frozen, dried or evaporated, fruit juices which consist of at least ninety-five per cent of pure juice of the fruit, jams, jellies, marmalades and preserves, corn syrup, table syrups and molasses, meats and poultry, cooked, canned, frozen, smoked or dried, canned fish, spaghetti, macaroni, and vermicelli, vegetables, canned, frozen or dehydrated, but not including pickles, relishes, catsup, sauces, olives, and similar goods, vegetable juices; and (b) hay presses and complete parts thereof; auxiliary internal combustion engines incorporated into agricultural implements or agricultural machinery, and complete parts thereof; crushed stone or crushed gravel; articles imported by or for public museums, public libraries, universities, colleges or schools, and which are to be placed in such institutions as exhibits; wheel chairs and complete parts thereof specially designed for the use of invalids;

2. That the excise tax on the price of admission to places of amusement be repealed;

3. That the excise tax on charges made in places of entertainment be repealed;

4. That the excise tax on bets on horse racing be repealed;

5. That the retail purchase tax on watches specially designed for use of the blind, alarm clocks selling to the user at not more than ten dollars each, and plated table knives, forks and spoons, be repealed;

6. That the special excise tax of three per cent on goods imported into Canada from general tariff countries be repealed;

7. That the rates of excise tax on matches be amended to provide for a proportionate rate of tax on packages of smaller sizes; and

8. That the excise tax of 25 per cent be repealed on 16 mm. projectors for slides, films or pictures, and that the tax be extended to cover projector mechanisms, sound equipment, arc lamps, lenses, bases, and film magazines or reels for moving picture projectors.

Mr. JACKMAN: Will the minister indicate to what articles in the form of processed foods the sales tax is still applicable?

Mr. ABBOTT: Broadly speaking, spices, pickles, relishes, mayonnaise and other specialty articles of the kind.

Mr. ADAMSON: I wish to ask a question with regard to which I have had some correspondence with the Minister of National

Revenue, who has probably discussed the matter with the Minister of Finance. I ask it for the purpose of clarification so that other concerns in a like position will know what the situation is.

I have been corresponding with a major producer of canned soups in my own riding, who has stated that while the sales tax had been removed from the final product, at the same time the tax had been imposed on ingredients of the final product. I understand that if the final product is produced under a sales tax, a licence number is given to the concern in question, and if that licence number is given, the component parts of the final product are tax free. When, however, the final product is tax free, these components are taxed. The concern I have in mind wished to announce reductions in the prices of certain products in order to pass on the savings to the consumer. This being so, I think the minister should make a statement on the matter.

Mr. ABBOTT: I am familiar with the case which my hon. friend refers to. I am told that the great majority of the ingredients in the soup are exempt from sales tax. The container is of course exempt from sales tax, and the officials inform me that the content of these prepared soups which is subject to sales tax is relatively insignificant in value. I am told that in one way or another, under the licence system, or otherwise, certainly the major portion of the ingredients of these prepared soups is exempt from sales tax, as is the finished product and the container in which the product is put up.

Mr. ADAMSON: The minister mentioned mayonnaise and other things. Are the articles that are subject to sales tax taxable because of United States content, or because they are considered a luxury item? For what reason are they taxed? It seems strange that any part of a food, even flavouring or spice, should be subject to sales tax.

Mr. ABBOTT: Well, they are not exempt from the sales tax. They are looked upon as coming within the category of specialty goods or imported goods. A large number are imported; but it is fair to say that with the changes proposed here virtually all, and certainly all the staple food products, some of them even processed or manufactured, as in the case of breakfast foods, are exempt from sales tax.

Mr. TUSTIN: I notice the list of articles on which the tax has been repealed includes canned vegetables and fruit juices, but the list does not include catsup and vegetable juices. Why should they not be placed in the same category as canned vegetables and fruit juices?

Mr. ABBOTT: Vegetable juices are included.

Mr. TUSTIN: Vegetable juices are in the same line, immediately under catsup.

Mr. ABBOTT: It is a question of punctuation. The exclusions relate to vegetables, canned frozen or dehydrated, but not including pickles, relishes, catsup, sauces, olives and similar goods. Then there is a semicolon; and then come vegetable juices. It may not be entirely clear, but vegetable juices are exempt and the qualification relates to pickles, relishes, catsup, sauces, olives and similar goods.

Mr. FLEMING: When the minister was introducing his budget he said, at page 4068 of *Hansard,* that the exemptions which are the subject matter of the resolution now before the committee would result in a revenue loss for an entire year of about $20,000,000. No one in the house will object to these exemptions; the criticism has been that they do not go far enough. The concern of the public will be, I think, that the reductions in taxes levied in the first instance should be passed on to the consumers just as soon as possible. May I ask the minister if his department or the wartime prices and trade board is interesting itself in that question? There were a good many newspaper articles on that point just after the budget speech. In an article in the *Globe and Mail* I noticed this: "Biscuit makers pass on tax cut. Reduction of two to five cents on a package of biscuits made possible by the elimination of the eight per cent sales tax is being passed on to the consumer." That was an announcement made by the sales manager of McCormick's Limited. I think we all appreciate that it may take a while for some of these reductions in taxes to be translated into reductions in price to the consumer, as inventories move off the shelves. Has the minister any information to give the committee on that point?

Mr. ABBOTT: That question received a great deal of consideration when thought was being given to the removal of this tax, because naturally we are all interested in seeing that the consumer should get the benefit of the tax relief; that it should not be absorbed in the prices or profit margins of manufacturers or distributors. The information I obtained convinced me the situation was such that in the great majority of these items the reduction would be reflected in the prices. Already it has been reflected in the prices of things like

smoked meats. If hon. members or their wives have been purchasing these commodities they will have noticed a definite reduction. In cases where inventories were low, that reduction would be reflected quite promptly.

The big items in this $20,000,000 saving will be in the field of smoked meats, that is ham and bacon, and in the canned vegetables and fruits. Those are the items in which there is the large revenue loss; and I am informed that the competition feature there is such that the reduction would be reflected in the prices. I have made no purchases myself to see if that is true, but I have every reason to believe that these savings will be passed on to the consumer.

Mr. KNIGHT: I am sorry to have to differ from the minister, but out in our part of the country it is definitely conceded that there is practically no difference in price. I do not know about ham and bacon, but on ordinary items it is conceded that removal of the sales tax is making practically no difference, and people have written me to that effect.

Mr. ABBOTT: It may be that the distributors have not yet got rid of their tax-paid inventory. We made no refunds.

Mr. KNIGHT: There is also the matter of freight rates. The extra freight must have made some difference, but they say they cannot notice any difference in their family budgets. I think it only fair to report this situation.

Mr. ABBOTT: That may be true, but general statements of that kind do not carry a great deal of conviction. The effect on a can of peas or corn or something like that should be two or three cents, and people might not notice it, but it is there just the same.

Mr. KNIGHT: When you have the head of a great system of chain stores warning the people there will not be any reduction, I am afraid we have to take his word for it.

Mrs. STRUM: I should like to ask the minister how a consumer is to determine the amount of the reduction. Is the government taking responsibility for posting schedules or releasing information? If I go into a store to make certain purchases, how can I tell whether or not the entire reduction is being passed on?

Mr. ABBOTT: So far as I know there is no way in which the individual can tell that, because there is no price control on the particular articles with which we are concerned here. I do not think that could be enforced now. Therefore we must depend on the ordinary competition between stores. If the tax represented an additional amount of eight or ten cents a pound on ham or bacon, or whatever it may be, the normal forces of supply and demand will operate, I am sure, and the price will represent the cost to the merchant plus his margin of profit. Of course if he has to cut the price below that, he will go out of business. To answer my hon. friend's question directly, there is not, and there cannot be, any policing by the government on the individual grocer to see that he gives his customers the benefit of the lower cost made possible by the removal of the sales tax.

Mrs. STRUM: Then this is the list on which these cuts can be expected?

Mr. ABBOTT: That is correct. There is a long list, but the main items are the cooked and prepared meats, a wide range of canned fruits and vegetables, and things like biscuits, to which the hon. member for Eglinton has referred; macaroni, vermicelli, and so forth.

Mr. TUSTIN: There is quite a difference between the articles the minister has just mentioned. I would like to draw attention to the fact that all canned goods are packed in the summer months. These canned goods are now in the hands of the dealers, not in the hands of the producers. Consequently in the great majority of cases the government collected the sales tax on these goods quite some time ago. But that is not the question I rose to ask. This paragraph does not seem very clear to me as it is printed. Am I correct in understanding that the sales tax is now repealed on tomato juice and all vegetable juices?

Mr. ABBOTT: That is correct.

Mr. HACKETT: I was going to ask the minister if he would mind restating, because I think he has answered the question in part, whether the articles mentioned in the two last lines of section 1, subsection (a), are excluded from relief because during the war they were manufactured in Canada? I am referring to relishes and sauces, and I have in mind also mustard, which we formerly imported to a large extent from Britain. During the war these commodities were manufactured in Canada. Is the sales tax retained as a protective measure, or what is the reason for excluding these items from the relief which is given to other commodities?

Mr. ABBOTT: Perhaps I did not make myself perfectly clear previously. The main consideration was that these are not looked upon as primary foods. They are manufac-

tured articles. They are processed foods, somewhat in the nature of specialty or luxury products. It is proposed to remove the sales tax from all the staple foods, but it is felt that specialty products such as I have indicated contain a high value of processing cost and should remain subject to sales tax.

Mr. HACKETT: A moment ago an hon. member asked what happens to the merchant who has acquired these commodities and paid the sales tax on them. He could not very well charge it when he sells the article at retail. Is the tax exigible from the retail and final sale only, or is it exigible on the sale from the manufacturer to the jobber, from the jobber to the retailer, and from the retailer to the consumer?

Mr. ABBOTT: The tax is imposed, as my hon. friend knows, at the manufacturer's or wholesale level. When the retailer buys his stock of vermicelli or breakfast food, or whatever it is, he buys it with the sales tax included. That represents his cost. No refunds are being made. I made that clear in my budget speech. The retailer will have an inventory on which he will have to get his costs, plus, I should hope, a reasonable margin. It is only after he has disposed of that inventory that he will, in fairness to himself, be in a position to pass on to the consumer the benefit derived from the removal of the sales tax. Business being what it is, some retailers may give the benefit right away. In getting a new stock they may average it out and give the benefit at once. In any event they will have a tax-paid inventory on which they can get no refund, and on which they will have to recoup themselves out of the prices of the goods.

Mr. ADAMSON: It will effect only the current year's crop?

Mr. ABBOTT: In respect of canned vegetables that is true, so far as they have passed out of the hands of the cannery into trade channels. But we are at a stage in the year when those stocks are approaching their lowest point; therefore, as my hon. friend says, on the new crop it will apply in its entirety.

Mr. ROSS (St. Paul's): The minister says that the tax was imposed on the manufacturer and wholesaler. It is only against the one, is it not?

Mr. ABBOTT: I said it was at the manufacturing or wholesale level.

Mr. ROSS (St. Paul's): Why is there a difference between the manufacturing and the wholesale level? The manufacturing level would represent a lower price, would it not?

Mr. ABBOTT: The difference between the two is that a licensed wholesaler who buys from a manufacturer can quote his licence number, but the tax is still computed on the manufacturer's price.

Mr. ROSS (St. Paul's): I see reference to breakfast cereals and breakfast foods, not including beverages. What beverages could be included? Does it refer to tomato juice?

Mr. ABBOTT: It is to exclude such things as Ovaltine or Vi-Tone, if by any stretch of the imagination they could be interpreted as being breakfast foods.

Mr. ROSS (St. Paul's): Celery juice is not included.

Mr. ABBOTT: I pointed out that it is exempt.

Mr. ROSS (St. Paul's): Is there any tax on spectacles? Is there a tax on hearing aids? I am not sure about that, but if there is, then there should not be.

Mr. ABBOTT: I am informed that there is at the present time.

Mr. ROSS (St. Paul's): I notice that the tax is being taken off wheel chairs and complete parts thereof specially designed for the use of invalids. For the life of me I cannot see why people who are wholly or partly incapacitated should be charged for such things as hearing aids. They are expensive enough now. The average price is about $100, and then an additional $8 must be paid for the privilege of having that help, to say nothing of the duty on them when they come in.

Mr. ABBOTT: The tax would be paid at the manufacturer's price.

Mr. ROSS (St. Paul's): I do not see why there should be any tax, especially on articles used by people who are incapacitated or who have not the full use of their faculties. Many persons have to wear glasses. Why should they have to pay an excise tax as well?

Mr. ABBOTT: I have been following my hon. friend's remarks, and I shall give them consideration. I cannot give any undertaking that action will be taken this year, but his observations may bear fruit at some later time.

Mr. ROSS (St. Paul's): I notice that the tax on wheel chairs is being taken off; yet they do not cost any more than a hearing aid. Why take the tax off a wheel chair and leave it on a hearing aid? It is only within the last little while that people have realized

they can get relief through the use of hearing aids. We know that there are institutions to help the deaf, and they are doing good work. I suggest that as a gesture of good will, and as an indication that the government is willing to help these people who are doing a fine job, it should take the tax off hearing aids. It has been found that many who have not made a full measure of success in business or in their work have been suffering from loss of hearing. Those people are being rehabilitated, and one is surprised at the progress that is being made.

Mr. ABBOTT: I shall give consideration to the hon. member's remarks.

Mrs. STRUM: I should like to support what has been said by the hon. member for St. Paul's, and I suggest that the minister should do in connection with hearing aids what he is doing in connection with wheel chairs, including parts and repairs. I have had occasion to go with friends of mine when they were buying parts for hearing aids, and I know that they are delicate and expensive, and the upkeep is fairly heavy. If one is to keep them in operating condition, in the course of a year it will run into a considerable sum of money. As the hon. member for St. Paul's has said, a person who is hard of hearing is under a handicap, and will find it difficult to obtain and to keep certain kinds of employment. This means continuous expenditure for batteries and replaceable parts, which in the beginning are extremely expensive. In my view the cost is out of all proportion to what is put into them. These bits of plastic, wire and batteries add up to about $100—and you can hold one in your hand. Certainly I think there should be no tax, and no duty, because hearing aids involve not only a heavy initial cost, but continuous expenditures for upkeep.

Mr. ROSS (St. Paul's): I should like to give my own experience in this connection. I use a hearing aid, although I do not use it all the time. They are expensive to operate. One has to buy batteries, and, while one of the batteries costs only thirty cents, it lasts about two weeks, or possibly not that long if it is used continuously. The other battery costs about $2.50 or $3, and lasts about a month if used all the time. In addition, repairs have to be made. I had mine repaired only recently, and it cost $40. There was sales tax on that. These articles do not last for ever. They have to be adjusted, and they wear out. They are delicate machines. When one considers the disadvantages of lack of proper hearing and what is being done by the institutions which take care of those who are hard of hearing in an effort to make them

[Mr. Ross (St. Paul's).]

economically independent, it is obvious that it is not fair to tax the apparatus which persons who are hard of hearing must buy. To my way of thinking it is no more logical to take the tax off wheel chairs than it is to take it off hearing aids, or spectacles for that matter. I cannot make my representations too strong. Those who are not hard of hearing do not know what it is like and the amount of expense that is involved.

Mr. LOCKHART: I wish the minister would consider some amendment there. While he is doing that, would he also clarify the situation in connection with special bed equipment for invalids? Are they exempt from the tax?

Mr. ABBOTT: I am informed that they are.

Mr. LOCKHART: There are special types of hospital beds for invalids which are being purchased by certain fraternal organizations to be furnished to people in the community for use in their homes. Is that type of equipment tax free?

Mr. ABBOTT: That would be exempt from tax when purchased by a hospital. If purchased by a private individual it would be subject to tax the same as anything else.

Mr. LOCKHART: There are fraternal groups which purchase this type of equipment, not just for their own members but for community work. I am told that these special beds are taxed. Mention has been made of hearing aids, and I would like the minister to do something in this connection. I know of three instances in which extensive distribution is being made of special bed equipment.

Mr. ABBOTT: I have listened with a great deal of interest and sympathy to what has been said, particularly about hearing aids and hospital beds. In considering these I must look at the whole field of equipment used for the care of invalids. That is why I would not want to give any special undertaking to exempt hearing aids. Wheel chairs happen to be an item in connection with which we have received a number of representations, and strangely enough I do not recall that we have had representations in connection with hearing aids.

Mr. ROSS (St. Paul's): You had them two or three years ago.

Mr. ABBOTT: I had forgotten about them, if that is so. I shall have to take a look at the whole field of invalid equipment and supplies. I cannot give any assurance that we shall be able to do it at once. If these items are to be exempt, they should be exempted as a whole and not in bits and pieces.

Mr. FAIR: I want to concur in what has been said by other hon. members with respect to hearing aids. I have had representations made to me in this connection. I hope the minister will not need a hearing aid, that his hearing will be good and that results will follow from the representations that have been made today.

Mr. ABBOTT: I hope most hon. members of the house will not have to pay the tax even if it stays on.

Mr. FAIR: There are a number of producing wells in my constituency, and I have been asked to find out whether the government would consider reducing the tax on petroleum products.

Mr. ABBOTT: I take it that my hon. friend is referring to the sales tax on petroleum products, which is a large item. While no special consideration is being given to this matter at the moment, I shall take note of my hon. friend's remarks.

Mr. DIEFENBAKER: I was not present when the budget was introduced. I realize that there will be a loss in revenue from sales tax, and I should like to know what the loss will be in connection with the items covered by paragraphs (a) and (b) of this resolution.

Mr. ABBOTT: The estimate I gave in the budget speech was $20,000,000 in connection with exemptions on food products. While the exemptions on the other items will be important to the people who use them, the amount of revenue is quite small. My officials did not attempt to make any specific estimate for the (b) portion of the resolution, partly because they did not have too accurate statistics as to sales during the preceding year. The statistics in respect to the food items were more nearly accurate.

Mr. DIEFENBAKER: We can take it that the loss of revenue for these two items will not run more than $20,000,000?

Mr. ABBOTT: That is the best estimate we have.

Mr. DIEFENBAKER: To what extent has the experience of the last few days shown that the withdrawal of the sales tax on these food products has been passed on to the consumer? The total saving to each individual in Canada by the removal of the sales tax will be approximately $1.80 a year and I should like to know to what extent since May 19 the cost of these various items to the consumer has been reduced. Apparently nothing has been done to assure the passing on to the consumer of any reductions of this kind. What are the obstacles to ensuring that reductions will actually be passed on to the consumer, to the end that the cost of living will be reduced?

Mr. ABBOTT: I do not know whether my hon. friend was in his seat a moment ago when I answered a similar question put by the hon. member for Qu'Appelle. First, as to the reflection in the loss of revenues; as hon. members know, this tax is imposed at the manufacturer's level and the manufacturers or wholesalers make monthly returns. Therefore it is too soon for us to have any accurate idea of what the difference in sales tax remittances will be.

As to the effect on domestic prices, we have no official information, but through the wartime prices and trade board we happen to know that a number of firms passed on the saving immediately. For instance, the morning after the announcement was made Steinberg's reduced their prices on smoked meats and canned goods.

As to how this can be policed, as I said before, under our system it can be policed only by the operation of supply and demand and the forces of competition. The alternative would be a rigid over-all price system with inspectors going into every store to investigate the cost, the mark up, and the margin of profit on any particular item. I think it will be readily appreciated that that is impracticable. The only effective way under our system in which these things can operate is through the forces of competition, by dealers assuring that the price which the consumer pays represents the cost plus a reasonable margin of profit. That is the only assurance we have that this will be passed on to the consumer. It is true of many other taxes, as my hon. friend knows.

Mr. DIEFENBAKER: Naturally I am in agreement with what the minister says. The minister must have made some investigation beforehand; he must have statistics covering the experience of the past showing the extent to which reductions in the sales tax have resulted in a decrease in the cost of living. There have been a number of occasions in the past on which the sales tax has been reduced. My criticism of what he has done in respect to the sales tax is that he has not gone far enough, and has not seen to it that at a time such as this, when the people as a whole are complaining about high prices and the high cost of living—now higher than ever before in the history of this country—any reductions made shall be passed on to the consumer. The government, having regard to the tremendous surplus that it has, should have gone a long way further. I sometimes wonder

whether the members of the government realize the feelings of the people as a whole regarding the high cost of living. I take it that the sales tax was reduced on these items of food to enure to the benefit of the people of the country as a whole, to reduce the cost of living. Is the government conducting the kind of campaign it conducted during the war, to arouse those in business to a realization that the reduction should be passed on?

The prices committee—and I speak of that body with the greatest respect—has been sitting now for three months, and the longer it sits, the higher go prices. What proceedings are being taken against the small minority in business, and I emphasize those words, are taking advantage of present-day conditions to boost prices?

Certainly, if this action on the part of the government is merely a step in the direction of securing in this country a reduction of prices, it will not be very favourably received. Talk to the man in the street and you will find that the general attitude is that this is merely a sop, that it is actually meaningless in its results. I ask the minister, is he in a position to say to the committee, on the basis of previous experience where the sales tax has been removed in whole or in part, that, apart from the operations of the law of supply and demand, the saving effected will be passed on to the consumer? I know that my hon. friends to my left talk about ceilings. They say that all you have to do is: Do not touch wages; do not touch the prices of farm products; put a ceiling on prices to the consumer and then everything will be well in this country. When I hear those arguments advanced I think of the fact that in the province of Saskatchewan—

The CHAIRMAN: I hesitate to interrupt the hon. member, but we are considering the sales tax.

Mr. DIEFENBAKER: Yes, and I am arguing that it is being reduced because of a desire on the part of the government to see that prices of the things that the people require shall be maintained at a minimum level. The minister asked in the course of his remarks: Are we to police every business in this country? We in this party believe that one of the ways of reducing the prices of the necessities of life is the removal of the sales tax, and I was just mentioning that my hon. friends to my left say that all you have to do is to put a ceiling on prices and then all our difficulties will disappear.

[Mr. Diefenbaker.]

Mr. NICHOLSON: Mr. Chairman, if my hon. friend is to be allowed to refer to the election in Saskatchewan the same privilege must be allowed to us all.

The CHAIRMAN: I think the hon. member for Lake Centre realizes that whatever leeway he is allowed must be allowed to all members, and I would ask him to confine his remarks to the reduction in the sales tax.

Mr. DIEFENBAKER: I have found my hon. friends to my left generous in the expression of their viewpoint but equally jealous of the rights of others to place the facts before the committee. However, I do not want to transgress, Mr. Chairman. When we in this party face an issue such as this, my hon. friends to the left always rise and say that they wish the opportunity to answer. If you rule, Mr. Chairman, that I cannot point out that in Saskatchewan there is a law on the statute book permitting the control of prices, and that it has not been used by the government of that province, I shall not refer to it.

Possibly the minister will be able to answer in general some of the questions that I have raised, because the Canadian people as a whole are demanding that something be done to stop the ever-increasing cost of living in this country, and if this be one method of doing it I want the assurance from the minister that the saving effected will be passed on to the consumer.

Mr. ABBOTT: I do not know that I can deal in other than a general way with the question my hon. friend has put. Before deciding on the removal of the sales tax on these items, I did make extensive inquiries as to the probable effect it would have on prices. I was particularly concerned with the two big items, smoked meats such as hams and bacons, and canned vegetables and the like, and the inquiries I made led me to believe that the removal of the sales tax would be reflected in lower prices for these articles. That has been borne out by experience in the short time since the tax has been removed.

My hon. friend will understand that in a period of rising prices, unless prices are absolutely stabilized, the removal of a tax of this kind, particularly at the manufacturer's level, cannot be directly related to the price of the article. Under these conditions it is very hard to say whether the full benefit of the tax has or has not been passed on. There is where the competitive forces come into play, as I say. Unless you have a rigid ceiling policy and say that, at the time the tax was taken off, the ceiling on a can of tomatoes was so much a can,

and the tax taken off amounted to so much, and therefore the ceiling is lowered by so much, you have no means of definitely assuring that the benefit has been passed on. However, in the canned goods field particularly I did make pretty extensive inquiries of what the effect would be, and I am satisfied that the benefit will be passed on. I am satisfied particularly, because I have been assured that the competitive position in the field is such that it is bound to happen; but I could not say that you can pinpoint a particular article, say a package of oatmeal, which is included in this list, and say that the full benefit of the tax exemption has been passed on. The information I have been given, and my own inquiry into the matter, satisfied me that by and large that is being done.

The hon. member is quite right when he says that the purpose of taking this tax off was the desire to have the basic staple foods sold at as low a price as possible, and that the tax content should be reduced to a minimum.

Mr. HACKETT: I wish to ask the minister to consider for a moment a question that is possibly ancillary to the one that he has been discussing. He has told the committee that there will be no refunds of taxes on goods that are listed in subparagraphs (a) and (b), and I may say that these are items of relatively small cost, and relatively small consumption. But when he is dealing with items of very great cost, and I am thinking in terms of cosmetics, tobacco, malted goods and distilled goods, it seems to me that the department will have to devise some principle other than that which is being applied here, or subject those who manufacture those goods to great losses, and quite possibly to bankruptcy. Take, for instance, a carload of wine going across the continent. I do not know whether cosmetics are shipped in carloads, but let us take a carload of tobacco. The time after the goods have left the possession of the vendor and reached the consumer is sometimes a week, or possibly two or three weeks. Cigarettes, for instance, could never be sold over the counter and the tax or duty exacted if it had been diminished in a budget speech; if there is no means provided for protecting the manufacturer or distributor against these huge losses, a disaster may result for those who would be affected by the change. My question is as to whether the minister is willing to give consideration to some principle other than that applied to subparagraphs (a) and (b), which will protect those interested against great losses.

Mr. ABBOTT: I am, of course, thoroughly familiar with the grave problem that a reduction in tax on articles of that kind will involve. I am not sure about this, but I think the principle in the past has been that where the tax is increased the man who has the goods on his shelves gets the benefit of the tax. Where the tax is reduced he has to bear the loss. So far as I am aware, that has been the principle which has been consistently followed with respect to the excise tax on such goods as tobaccos, spirits and so on at the time such taxes were imposed. It arises, of course, not only in connection with these items but on a great many other things such as automobiles and all the other goods on which the excise tax is imposed. I am told that the same principle applies to changes in the customs duty. Where the duty has been increased the man who has a stock on hand gets the benefit of the increased duty, and is expected to take it, and conversely when the duty is lowered he loses the benefit. I will give further consideration to the question which has been raised.

Mr. HACKETT: I think that is the answer which is relied upon by some of the departments, but I doubt whether it is a complete or satisfactory answer. As regards customs duty, there may be something to be said for it; but where a certain commodity is liable for the payment of certain taxes, surely the merchant cannot sell the commodity, collect the tax and keep it when he sells the commodity. He collects the tax as agent for the government and must remit it. It would seem to me that the converse does not hold. The tax was on when he shipped the goods, and the consignee getting the goods a week or ten days later is not going to pay the tax because it has been abrogated during the period that the goods were in transit. I do not wish to add to the perplexities of the minister at the present time, but I wish that he would give careful consideration to this aspect of the question because, despite recent bitter experiences, we all live in the hope of a better day.

Mr. ABBOTT: My hon. friend will appreciate that I am keenly aware of the problem and I will give it further consideration.

Mr. FRASER: The minister mentioned before that beverages were not included, but that certain powdered goods were. Does that include powdered malted milk which is sometimes used for baby food?

Mr. ABBOTT: Answering offhand, I am inclined to think it would, but I would have to look into the matter.

Mr. FRASER: It is also used for making icing for cakes.

Mr. ABBOTT: No, that would be taxable.

Mr. FRASER: Why is it called a beverage? To the average person it would be a soft drink.

Mr. ABBOTT: Well, it is something similar to cocoa, malted milk Ovaltine and Vi-Tone.

Mr. FRASER: Is cocoa covered by this?

Mr. ABBOTT: Cocoa remains subject to tax; so do Ovaltine, Vi-Tone and all these drinks.

Mr. KNIGHT: In answer to the hon. member for Lake Centre, the minister made a good deal of the free play of competition and its effect upon keeping down prices. I should like to hear him comment on this question. Is it operative to that extent in a market where the goods are scarce, the public clamouring for them and there is not sufficient supply to go around?

Mr. ABBOTT: That depends on the goods. There is no shortage of ham, bacon or canned vegetable goods. In my judgment the competitive forces have free and full play on these articles today, and these are the big items here.

Mr. KNIGHT: My question related to the items where there was not that supply.

Mr. ABBOTT: There are not many of these items that are not in ample supply in Canada.

Mr. KNIGHT: The minister is still not answering the question.

Mr. ABBOTT: I will answer it directly by saying, yes. The situation in connection with the articles on which the sales tax is being removed is that they are in ample supply in this country.

Mr. KNIGHT: The other point I want information on is this. The hon. member for Lake Centre suggested to the minister that there should be prosecution of those people who charged a profit which, in the expression I have heard the minister use very often, was more than just and reasonable. I know nothing about this question at all. I should like to ask the minister or the hon. member for Lake Centre if there is in Canada a definite law under which such people can be prosecuted. Is it not perfectly legal to charge 100 per cent or 200 per cent, or whatever the market will bear?

Mr. ABBOTT: At the present time, so long as the wartime prices and trade board order remains in effect, there is a provision that no one shall charge a price beyond that which is just and reasonable. There have been, I understand, investigations in certain cases, and one or two prosecutions have been started. There was one early in the war in connection with sugar, I think it was, under that particular provision. Lawyers in the house know it may not be too easy to convince a magistrate that a price which has been charged is greater than is just and reasonable, but that is a matter for appreciation by the courts.

Mr. KNIGHT: What we appear to need is a definition of the term "just and reasonable", in terms of figures, or something mathematical.

Mr. ABBOTT: There is only one way in which that can be done. Someone might declare that a just and reasonable price for so-and-so is the price which was charged in December, 1947, let us say. That was done in 1941. It was decided that a just and reasonable price was the level established in November, 1941, and an over-all ceiling was put on, and also a ceiling on salaries and wages. That was the system during the war. I do not know, however, that anyone could pick out this or that item across the country today and say that a just and reasonable price is so-and-so.

The CHAIRMAN: With all due respect to the minister and the hon. member for Saskatoon City, I doubt very much whether this discussion is in order. Any discussion must be directly related to the sales tax, and a general discussion on the cost of living cannot be in order at this time.

Mr. KNIGHT: I need just one line to complete my thought, Mr. Chairman. Lacking omniscience, I suggest that we might as well quit talking about prosecutions. There is no such thing as prosecutions for high prices anyway.

Mr. DIEFENBAKER: I did not discuss the budget when it was brought down, and I am trying now to get some information from the minister. If the removal of the sales tax from certain food products was believed to be a method of reducing the cost of living, why was not that principle extended to other necessities such as clothing, shoes, and the like? Why was it restricted to the items in the resolution? I believe that the general feeling is that the budget as introduced by the minister provided for a disappointing reduction in taxation which is totally inadequate to meet the needs of present-day conditions.

As a matter of fact, the reductions such as are made in this section, which, after all, is the only pertinent section in connection with reductions in the excise tax, constitute so infinitesimal a saving to the people, if passed

on to them, as to amount to only $1.80 for every man, women and child in Canada.

I ask the minister this question: What were the reasons that caused him in preparing this budget, to restrict himself to these few items? Why was it, if he was not prepared to go a long way in the removal of the sales tax, that he did not cover other items so material in the cost of living, and in particular such necessities as clothing, which bear this tax, and from which the people as a whole would naturally like to be relieved?

I think the country is entitled to a more complete explanation for the course he has followed than the minister has yet given. He has not explained why, with costs of living constantly mounting, something more along this line of sales tax reduction was not done. Our people find themselves squeezed between a salary level and wage level, which is not rising in proportion to costs, and an increasing cost of living. They find themselves squeezed between taxation, which is very little lower than it was in the days of the war, and a cost of living which is increasing materially from day to day. In the face of this, all that is done to help the average person is the removal of the sales tax on food products.

I submit that the country is entitled to an explanation from the minister, giving in detail the reasons why it would have been economically difficult or impossible to extend these reductions in the sales tax beyond the items actually covered. If designed to ensure some reduction in the cost of living, in the staple products of food; if it was good in that direction, with a surplus as large as there is, would it not have been proper to remove the sales tax entirely from other necessities, and generally reduce it throughout?

I have read the minister's budget speech, and I find there no complete explanation. What was the actuating reason? Why was not this commendable step carried forward so that this government would by its own action contribute a maximum to the reduction in the cost of living as a whole?

Mr. ABBOTT: My hon. friend was not here when I delivered my budget speech, but he was good enough to read it, as he says. In that speech I devoted a great deal of time to explaining why I felt that the inflationary pressures in this country were still strong and why I did not think this was a year in which there could be any substantial or general reduction in commodity taxes. In that connection, I said, as reported at page 4067 of *Hansard*:

> In the field of commodity taxes, I have felt it necessary to frame my proposals in the light of the government's general fiscal program, and am, therefore, not proposing any sweeping or drastic reductions in tax rates. I have considered, however, whether anything might be done by way of a direct contribution toward reducing the cost of living at one of those points where it has been felt most acutely, that is, in the cost of food, and where it would create little additional inflationary pressure.

As I mentioned, in reply to the hon. member for Saskatoon City a moment ago, the articles on which the tax is removed are in relatively good supply and I did not think the removal of the tax would result in an inflationary price movement in respect of these articles. Whether my hon. friend found my reasons convincing, as set out in the budget speech, or whether he did not, I must say there is not much that I can add to them now.

Among other reasons, the food articles were selected because already, by virtue of previous amendments or because of the form in which the original sales tax was imposed, a very large number of food items were exempt from tax; and it seemed to me desirable if I could do anything at all, even if it were rather minor relief, to complete that job and take the remainder of the staple food products out of the sales tax schedule. And may I say that once one takes things out of the sales tax schedule, they do not go back in. Any minister of finance must bear that in mind in deciding whether or not to remove certain articles from the schedules. As was pointed out the other day, building materials were taken out from under the schedules within a week or ten days after V-E day. Now we are moving a step further and have taken out the remainder of the staple foodstuffs, so to that extent we are relieving the pressure on prices.

I cannot give my hon. friend any other reason or explanation. I went into the matter in very considerable detail in my budget speech, as to the economic forces which I considered made it desirable not to effect now any substantial reduction in commodity taxes. If that were done I felt the effect on prices would be adverse rather than favourable, that it would create greater inflationary forces in this country which would push prices up and not hold them down. I concede that these are economic reasons, but they were the reasons behind the budget I presented this year.

Mr. DIEFENBAKER: Can the minister give the total amount collected in sales tax on clothing last year?

Mr. ABBOTT: I am afraid I have not that figure here. It is readily available; I can get it and send it to my hon. friend. Perhaps

I should correct that statement; the officials tell me it is not segregated under that heading.

Mr. DIEFENBAKER: What is it under?

Mr. ABBOTT: The total sales tax. The total eight per cent sales tax collected last year was $383,012,443; but it is not segregated under the heading of "clothing" and so on.

Mr. DIEFENBAKER: How is it segregated? Would the minister give the general computation?

Mr. ABBOTT: I am told there is no segregation.

Mr. DIEFENBAKER: Has the minister no estimate of the amount of sales tax collected on clothing?

Mr. ABBOTT: We could have one prepared, but it would be only an estimate.

Mr. DIEFENBAKER: No estimate is available at the moment?

Mr. ABBOTT: No.

Mr. DIEFENBAKER: Then it can be taken for granted that no direct consideration was given to the removal of the sales tax on clothing?

Mr. ABBOTT: I can assure my hon. friend that no consideration whatever was given to that question.

Mr. ROSS (St. Paul's): The tax still remains on chocolate bars and pop, does it?

Mr. ABBOTT: That is right. We get a lot of money from those.

Mr. ROSS (St. Paul's): How much did you get from them last year?

Mr. ABBOTT: I do not know about the sales tax, but from the excise tax on candy and confectionery last year we got $16,398,663, and from soft drinks we got $23,767,353, which was up almost $5,000,000 from the year before. That is about $40,000,000 from those two taxes. And it is taken from more than the kids, too, I may say.

Mr. ROSS (St. Paul's): A great deal of that was taken directly from the children, right out of their hands. One of the minister's arguments for not removing the tax from some commodities is that he will not remove the tax from things that are in short supply, but there is an ample supply of chocolate bars and pop. That $23,000,000 certainly does contribute to the high cost of living.

Mr. ABBOTT: Everyone who has a Scotch and soda contributes to that tax.

[Mr. Abbott.]

Mr. ROSS (St. Paul's): It is not a tax on luxuries; these things are more than that.

Mr. MILLER: We have one of these so-called pop factories or soft drink establishments in the city from which I come, and I habitually pester the Minister of Finance with letters concerning the removal of the tax on those drinks. As yet I have never heard the minister give the real reason for not taking off the tax on soft drinks.

Mr. ROSS (St. Paul's): He just told us; he gets $20,000,000 from that tax.

Mr. MILLER: If that is the reason I wish he would say so, because every time I go home I am questioned about this tax, which means a great deal to that little industry.

Mr. ABBOTT: Perhaps we are getting a little outside the resolutions before the committee. I have discussed the soft drink tax at some length in this house on other occasions, as hon. members will recall, and I do not think we should discuss it now because we are not touching it this year.

Mr. MILLER: Why not take it off?

Mr. ABBOTT: I will answer in a general fashion. The revenues of this country have to be raised; they cannot just be picked out of thin air. Hon. gentlemen want me to spend money on this thing and that thing, and we have to raise the revenues in order to pay the shot. For the time being we are raising them to the extent of more than twenty million dollars by a tax on soda water, Coca-Cola, and so on.

Mr. JACKMAN: What about the surplus?

Mr. CAMPBELL: I do not know whether the minister will be able to answer the question I want to ask, but I am interested in the sales tax on petroleum products, because it enters definitely into the cost of production of the people in my constituency. I would ask the minister how much revenue was raised through the sales tax on petroleum products, and if there are any exemptions. Is any industry or any group of industries exempt from the sales tax on petroleum products.

Mr. ABBOTT: As I said to the hon. member for Lake Centre, I do not have any breakdown of the total sales tax revenues from different items. An estimate could be prepared, of course; one could take the volume of sales of the different petroleum products such as gasoline, fuel oil, kerosene and so on, and estimate what the sales tax would be, but the figures with respect to the sales tax revenues are not broken down in such a way that I could give my hon. friend how much

revenue was derived from that product. It would be substantial, of course, because the sale of those products in Canada is substantial. I could have an estimate made, perhaps, but it would be only an estimate.

Mr. CAMPBELL: Are there any exemptions? Is anyone exempted?

Mr. ABBOTT: I am informed by the officials sitting before me that they know of no case in which an exemption from the sales tax on petroleum products is granted.

Mr. CAMPBELL: For instance, would crude oil used in locomotives be subject to that tax?

Mr. ABBOTT: Yes.

Mr. CAMPBELL: Is the minister considering relieving the farmers and primary producers of the sales tax on petroleum products in the near future?

Mr. ABBOTT: Well, of course every year consideration is given to all these taxes in drawing up the budget plans, but it is extremely difficult to exclude a particular type of consumer from the operation of the sales tax, for reasons I think my hon. friend will appreciate. The sales tax is not a retail tax like the gasoline tax in the provinces, for instance. It is put on at the manufacturer's level, and when he is producing his product and selling it he does not know who will be the ultimate consumer. So the only way to do that would be through some system of refunds. I should think the better way to approach that subject would be a complete exemption from sales tax, instead of trying to administer it by not making it applicable to a certain class of user. In any event, I am told none of these products is exempted from the sales tax now, and certainly there are no cases where a particular purchaser or user is exempted.

Mr. CAMPBELL: Fuel oil for tractors could be coloured in such a way that it would not be hard to keep separate.

Mr. ADAMSON: On several occasions it has been stated that the sales tax on building materials was removed shortly after V-E day. Being one of those unfortunate people who are trying to build houses, I can assure the minister that a great many building materials still pay the tax. I notice that here he is including crushed stone or crushed gravel. This is one of the basic, and perhaps the most basic, of all building materials. I should like to ask the minister and his department to give a list of the building materials excluded from the sales tax. I know definitely I had to pay a sales tax on copper pipes, bathtubs and things like that only last year.

Mr. ABBOTT: Not on bath tubs; I do not think so. The crushed stone and crushed gravel items are for use in roads. I am informed they have been exempted when used in building construction. They are exempted under the heading of "building stone". Shower baths, bathtubs, basins, faucets, lavatories, sinks and laundry tubs are exempt from sales tax now.

Mr. ADAMSON: I received an invoice quite recently where I had to pay in respect of copper sheeting for flashing. That is definitely a building material. If the sales tax is still being collected, may I suggest that serious consideration be given to widening the group of building materials on which sales tax is not to be collected.

Mr. ABBOTT: I shall take note of my hon. friend's remarks. I have no doubt that flashing of the type he has described would be subject to tax. It is used, of course, for purposes other than building. However, prepared roofings are all exempt from tax. Items of this kind, while they are expensive, are comparatively minor when compared with the total cost of any building. The major items are, and for some time have been exempt from sales tax.

Mr. McLURE: Before we leave the food items, I should like to refer to meats and poultry. Does this mean that all cooked, canned, frozen and smoked or dried meat products are exempt?

Mr. ABBOTT: That is right.

Mr. McLURE: I notice that in connection with fish the words "cooked, frozen, smoked or dried" are not included, and that mention is made only of the canned variety.

Mr. ABBOTT: They were exempt before. The only type of fish which was not was canned fish, and that is now included.

Mr. McLURE: Then there is a matter which I believe the minister forgot when he was making up this item. I suggest that he did not give consideration to the double taxation in connection with raw furs, especially silver foxes. This matter has been considered for several years, and is one of the many unjust taxes. This is the most unjust of all.

A farmer receives, we will say, $50 for a certain type of fox skin. Then it goes to the processing plant to be processed. The processing plant must pay the government $5 on that skin for the privilege of processing it. The actual processing cost may be only $3 or $4. However, if it costs $5, that brings the skin up to $60. Then it goes to the manufacturer, and his cost would be about $25,

bringing the article up to $85. Then a retail mark-up is decided upon, and the article reaches $120. Then the government says, "We must have an eight per cent sales tax on that." This article, which costs originally $50, when it goes into the retail trade is taxed at the rate of about 32½ per cent. It seems ridiculous that there should be double taxation, once for processing and again for manufacturing. I believe this eight per cent sales tax on an article of that kind should have the minister's careful consideration.

Mr. JACKMAN: Would the minister answer my colleague?

Mr. ABBOTT: I understood that he was just bringing the matter to my attention. I know there are two taxes. There is the tax of ten per cent imposed on the processor and dyer, and then the eight per cent sales tax on the manufacturer's price to the retailer.

Mr. McLURE: It seems so ridiculous to have a processing tax. I believe the way it originated was that the people who were imposing the tax did not keep in mind that there was a difference between processing and manufacturing. I believe they thought processing was manufacturing. The fact is that processing is the procedure of getting the article ready for manufacture. The manufacturer then prepares the article for the consumer. I believe, if the minister would ask someone in his department to look into the matter, it would receive consideration. Instead of having an eight per cent sales tax, the consumer is paying about 32½ per cent, which is really ridiculous.

Mr. JACKMAN: Why has the minister retained cocoa in the classification which continues to pay the sales tax? Surely it is not a luxury item. It is preferred by many people, and particularly young children, as a beverage to be used in place of tea, coffee, or milk taken alone. Furthermore, I understand that cocoa is the basis for chocolate, and in view of the fact that there is a tax on chocolate bars, and perhaps other forms of chocolate in its manufactured state, there does not seem to be much reason for retaining cocoa in the class which is subject to eight per cent sales tax.

Mr. ABBOTT: Beverages have not been included in the schedule as being exempt. Tea, coffee, cocoa, Postum, Vi-Tone, Ovaltine and these other beverages are still subject to sales tax. We felt that for this year we were not going into the beverage field, so far as that is concerned.

Mr. DIEFENBAKER: Are tea and coffee subject to it?

[Mr. McLure.]

Mr. ABBOTT: Yes. The hon. member will recall that last fall customs duties were lowered on tea and coffee; but they are subject to sales tax.

Mr. JACKMAN: I would suppose that cocoa would come in first in the form of a bean. It would be imported in that form, and would not be a beverage.

Mr. ABBOTT: I am told that it is not subject to sales tax when used in the manufacture of chocolate, or these other things.

Mr. JACKMAN: But it is, when it is bought in a can, for household use.

Mr. ABBOTT: Cocoa for beverage purposes, put up in a can, is subject to sales tax in the same way as tea or coffee or other prepared drinks.

Resolution agreed to.

2. That the excise tax on the price of admission to places of amusement be repealed.

Mr. McLURE: Was this taken off so that the seven provinces which had entered into an agreement with the government in respect of provincial relations might have an opportunity of placing it on? I notice that already several of the provinces have put this tax on at a rate higher than the federal tax.

Mr. ABBOTT: It was not taken off in order that seven or nine provinces should necessarily have an opportunity of putting it on. It was taken off for this reason, that in April of last year during the course of the discussions with officials of Nova Scotia in particular—but it had come up with the other provinces—it was represented to me that this amusement tax and other taxes—there was the amusement tax and the gasoline tax and one or two others—were taxes which, because of their nature, were appropriate for use by provincial taxing authorities. I wrote to the Premier of Nova Scotia at that time—and the letter was tabled in the house—stating that I recognized that the provinces had a special interest in this type of tax, and that it would be the policy of the dominion government to withdraw from this field as soon as it was practicable to do so. It was in pursuance of that statement of policy that it was decided to withdraw from that field this year. I did venture to express the hope in my budget speech that, wherever it was possible to do so, the provinces would not go into the field and the taxpayers would get the benefit. As far as I know, my own province of Quebec has not done so, but in some of the other provinces they have.

Mr. ROSS (St. Paul's): It was recognized by the government that this was a provincial field of taxation.

Mr. ABBOTT: No, it was not. It was not recognized as a field to which the provinces could claim exclusive jurisdiction. If I remember correctly, the language I used was that this tax among others was a tax in which the provinces had a special interest by reason of its nature. For that reason we proposed to withdraw from the field as far as it was practical to do so.

Mr. ROSS (St. Paul's): The point I am getting at is that the request came from the premier of one of the provinces that it was a field of taxation which they would like to be in. As a consequence, the request was made by the Premier of Nova Scotia that the federal government should get out of this taxation field; that was done because it was understood that the Premier of Nova Scotia wanted to get into the field himself.

Mr. ABBOTT: No, and I do not think he has.

Mr. ROSS (St. Paul's): What I say is perfectly logical. It has not been done by the federal government with any thought of saving money for the public. In his statement the minister said that he hoped the provinces would not impose the tax again, but this tax was collected by most provinces before the dominion government stepped into the field. I am perfectly certain that when the Premier of Nova Scotia asked the dominion to get out of this taxation field he did so because he wanted to get into that field himself.

Mr. ABBOTT: I do not think so. This tax was put on during the war and we have now withdrawn it. If there were another war we might have to go into this field again. Whether a province does or does not go into the field again I think would be a matter for the province to determine in the light of its revenue position. If it does not need to impose the tax it should not take it from its citizens.

Mr. ROSS (St. Paul's): This was a tax field of the provinces before the war and it was taken over by the dominion by mutual consent when the war came on.

Mr. ABBOTT: I think I am correct in saying that virtually all the provinces were already in the field. It is simply a question of whether they will increase the rate when the dominion withdraws and take the extra amount.

Mr. FRASER: Quebec has its own tax?

Mr. ABBOTT: All the provinces have.

Mr. FRASER: Is not the Quebec tax thirteen per cent?

Mr. ABBOTT: I do not know what the rate is.

Mr. FRASER: It runs from three per cent up to fifteen per cent.

Resolution agreed to.

3. That the excise tax on charges made in places of entertainment be repealed.

Mr. ADAMSON: What is the difference between a place of amusement and a place of entertainment?

Mr. ABBOTT: I understand that it is defined in the act. This is the tax imposed on the price of meals in places such as the Chateau Laurier grill where there is music and dancing. I remember the hon. member for Qu'Appelle asking a question about this tax. She was concerned over the fact that the price list carried an extra twenty-five per cent excise tax. I told her that she must have been dancing, but she assured me that she was not.

Mr. ADAMSON: Entertainment is something in which you participate yourself while amusement is something you are shown.

Resolution agreed to.

4. That the excise tax on bets on horse racing be repealed.

Mr. NICHOLSON: Would the minister indicate the loss to the treasury and also what agitation has taken place to have this tax repealed?

Mr. ABBOTT: This tax is in exactly the same category as the one to which I referred a moment ago. The dominion broke into this field during the war. It was represented to us during the course of discussions with the provinces that this was a field particularly suitable for the provinces and that we should withdraw as soon as circumstances allowed. I said that we would. The revenue last year was $2,518,585.

Mr. DIEFENBAKER: Has the minister the figures by provinces?

Mr. ABBOTT: I have not at the moment, but I could get them. As is natural, the bulk of the tax would come from the provinces of Quebec and Ontario. I did hear that the highest per capita revenue was obtained in Prince Edward Island, which rather surprised me.

Mr. McLURE: Will the superintendent in charge of horse racing and betting lose his position, or will he just continue to carry on? He has a very good position because he goes around to the different race tracks. He has a good time and is paid a good salary.

Mr. ABBOTT: I am told that the superintendents referred to were under the Department of Agriculture. I assume that they will continue to carry on their valuable function of encouraging the breeding of horses.

Mr. ADAMSON: What was the amount bet on horse racing last year?

Mr. ABBOTT: It would be twenty times the figure I gave, which was roughly $2,500,000.

Mr. ADAMSON: That would be $50,000,000.

Resolution agreed to.

5. That the retail purchase tax on watches specially designed for use of the blind, alarm clocks selling to the user at not more than ten dollars each, and plated table knives, forks and spoons, be repealed.

Mr. FRASER: I want to thank the minister for taking the tax off alarm clocks and flatware; but I am wondering, and so are Canadian manufacturers of cheap working men's watches, why it was not taken off that type of watch. In one industry alone about one-third of the production is made up of non-jewelled watches which sell for less than $5. Their total production is about 6,900 clocks and watches. These inexpensive watches are made in Canada, while the jewelled watches are imported. This means jobs for workers in Canada. One plant in my own riding employs over 700 workmen. As a sample of the type of letter received, I have one here which asks them to cancel any orders for items which are still subject to the excise tax.

Mr. ABBOTT: What is the date of that letter?

Mr. FRASER: May 21. As the minister knows, watches and clocks are carried by hardware, jewelry, drug and all kinds of stores across the country. These stores do not want to have in their stocks anything that carries a twenty-five per cent tax, because it means a lot of bookkeeping and is just a headache all the way through. I was wondering if it would not be possible for the minister to take the tax off these low-priced watches.

The other watches come in from Switzerland and, as I have said before in this house, in many cases they are being manufactured in plants which manufactured for the Germans during the war. This plant in Canada is the largest of its kind in the British empire, and I feel that it should have some consideration. The protection in the way of duty is not really enough to protect the workmen in the plant.

Mr. DIEFENBAKER: I should like to say a few words in regard to the retail purchase tax in so far as it affects the jewelry business. Representations have been made to the minister from time to time by the thousand or more jewelers across this country with a view to the removal of this tax, which was first applied in 1942 as a war measure. I remember well, when it was introduced, that it was stated by the then minister of finance that the reason for its introduction was to divert wartime earnings into war savings. It has been continued since the war, and has had the result of discriminating against those engaged in the jewelry business.

It might be pointed out that if one sets up housekeeping a diningroom can be equipped with furniture that is not subject to tax, whereas the silver dishes and plates on the table are subject to the tax. I do not know whether the minister realizes the degree to which many jewelers generally throughout the country are experiencing a falling off in business since the end of the war. During the days of the war their business incident to the departure of men and women into the armed forces was satisfactory. Of late jewelers in my constituency and throughout the province of Saskatchewan have informed me that their businesses are shrinking in total sales and that one reason is the continuance of the purchase tax. Having regard to the fact that this tax was introduced during the days of war for one purpose, I would ask the minister if the time has not come for the removal of this tax in the interests of one specialized form of business which alone is subject to its effects.

Taxation is necessary, as the minister has pointed out, and must be secured by him in order to meet the cost of government but surely one business in our country should not be singled out for discrimination. If we believe in the maintenance in this country of private business and private enterprise, everything possible should be done to equalize taxation among all classes of business, instead of placing on the shoulders of one group performing and discharging, as do the jewelers, a necessary function and service, a tax more grievous to be borne than that borne by any other business. I ask the minister whether he will not even now give consideration to the removal of this tax which rests so heavily on this one business.

Mr. KNIGHT: I should like to endorse all the things which the hon. member for Lake Centre has said.

Mr. DIEFENBAKER: Except private enterprise.

Mr. KNIGHT: I did not specify, but I endorse most of the things the hon. member said. The jewelers in my constituency, and particularly in my home town of Saskatoon, have been writing to me continually about this tax. They were, of course, tremendously relieved at the removal of the tax on silverware and on some clocks. I suggested to my correspondents that the Braille watch might be some relief. I did it with my tongue in my cheek and got the kind of answer that I expected. One jeweler said that he had not sold one in three years. I was surprised to find that Braille watches had ever been taxed. I think that, like hearing aids, they should have been exempt from taxation. I would ask the minister what revenue he has been getting per annum from these Braille watches?

Mr. ABBOTT: Actually we have been remitting the tax by order in council.

Mr. KNIGHT: One other point. Some of my jeweler friends complained bitterly that they were facing competition from some of their own people who were not as honest as they might be in the matter of the collection of this tax. Where is the tax collected? On a retail basis?

Mr. ABBOTT: From the retailer.

Mr. KNIGHT: This man said that an honest jeweler was under a distinct disadvantage because certain competitors were saying: Just forget about the tax. The result was that they were getting all the business, and my honest friends were losing out by that. I suggested a more thorough system of inspection, and they told me that they were supposed to be inspected but had not seen an inspector for three or four years. I do not know anything about the authenticity of these statements but I thought I should draw them to the minister's attention.

Mr. ABBOTT: This is a tax which I should like to get rid of just as soon as it is feasible. In common with a good many other members, I have had letters and representations and have met delegations from the jewelers' association, who presented their case objectively and very fairly, but I did not feel that this was a year in which I was justified in removing the tax. Last year they said the tax was having an adverse effect on their business, but that is not borne out by the facts. The hon. member for Lake Centre said he understood that sales were falling off. But here are the taxation receipts for the last three years: 1945-46, $6,883,130; 1946-47, $8,165,293; 1947-48, $8,413,875. The monthly figures continue to show a rise in tax receipts.

Mr. DIEFENBAKER: Has the minister the provincial figures?

Mr. ABBOTT: No. As I said, I should like to get rid of the tax at the earliest appropriate time, but this is not a year in which I felt the tax could be removed, inflationary pressures being what they are and the volume of public spending being what it is. The figures show that people are still purchasing these articles in pretty substantial volume. The removal of the tax on flatware will, of course, reduce our revenues appreciably. That is the sort of article from which I should be glad to see it removed. I do not know that one can quarrel too much with the twenty-five per cent tax on such goods as costume jewelry and the like at the moment.

The hon. member for Saskatoon City is quite right when he says it is the type of tax that lends itself to evasion by the small dealer who is not too honest. That is one of the reasons why it is the sort of tax that I personally would like to get rid of as soon as I could, but I do not think that in a budget such as I am bringing down this year, a budget in which there is no substantial reduction in taxes, and by which we are trying to counteract inflationary forces and pay off debt, I could go out of the jewelry tax. That is the reason which prompted it. I say frankly it is one of the taxes that was put on during the war, and one which I would like to get rid of just as soon as circumstances will permit.

Mr. ROSS (St. Paul's): The removal of the tax would not be inflationary, would it? It would be anti-inflationary.

Mr. ABBOTT: I say it would be inflationary. My hon. friend may have his own opinion as to that. He and I differ there.

Mr. JOHNSTON: I should like to say a word about this tax in view of the fact that when I was home at Easter I called at one store in Calgary and at another in Drumheller. I did mention at that time that a presentation would be made to the minister when his estimates were before the house. In the stores in smaller towns where jewelry is sold it is quite a hardship to have a twenty-five per cent tax charged on these items. It will be generally agreed, though, that the reduction on silver-plated articles will do a good deal to relieve the situation; but, generally speaking, the jewelers in the small places are finding it extremely difficult to compete in markets where

other items are available. Particularly do you find that in western Canada.

So far as I could, I have endeavoured to get a comparison between the jewelry business in the east and the west. It is a pretty difficult thing to look at stores and try to estimate where the greater amount of business is done. In my opinion much more business is being done in the city of Ottawa than in the city of Drumheller. I think the reason for that is that Ottawa is what might be called a government city. There is a steady payroll in this city. On the other hand, in the western country most of the trade of the jewelry stores comes from the country areas. This tax imposes a great deal of hardship on the smaller communities, and they have made strong protests against what they call a discriminatory tax. I quite appreciate the minister's view in expressing the opinion that he had to get revenue from somewhere, but some of these businesses are pretty hard pressed. Some of them find it difficult to keep going. If some relief could be given to them I am sure that they would all appreciate it. If the minister would give consideration to it, even in this budget, it would be of great benefit to many business people.

Mr. FLEMING: The minister has indicated that this is the kind of tax he would like to get rid of if the time were ripe. I wish to suggest to him in all seriousness that he will never have a better opportunity to get rid of it than now. He does not need it for revenue purposes, and the discrimination which was so abundantly proven last year, has been proven again this year. It has been established that it will continue unless he greatly expands the scope of the present budget proposals. As a matter of fact, his recognition of the problem presented by this discriminatory tax is manifested in the fact that he has brought in this resolution at all. But the resolution is in such restricted terms that very little relief will be given by the proposals. After all, it is confined now simply to plated flatware and to alarm clocks that have a retail selling price of not more than $10. I suggest that the problem which is recognized by the minister, but for which there is no adequate solution in the budget resolution, is one that does call for re-examination of the situation.

It has been pointed out here, as it was pointed out last year in the budget debate, that this luxury tax, as it has been called from the outset, owed its origin to government wartime policy, which was a deliberate policy on the part of the government to siphon off production from this class of commodity into those commodities which more directly assisted the war effort. That entire situation which occasioned the imposition of the tax in the

first place is gone. The whole basis of the case offered by the government in support of the tax when it was first imposed has gone. We should remember the words used by the Premier of Nova Scotia in a communication to the government on April 21, 1947. Speaking of these taxes, he said:

> These taxes, along with a considerable number of other taxes such as those on gasoline, soft drinks, candy bars, luggage, clocks, jewelry, furs and the like, were imposed by the dominion during the war emergency. I imagine that most governments are more anxious to take taxes off than to put them on.

I commend these words of the Premier of Nova Scotia to the Minister of Finance. I urge upon him that the time has come—some of us think the time has long passed—when this tax ought to be removed in its entirety.

Mention has been made of the discrimination that it creates as against the jewelry trade. That has been abundantly shown. The hon. member for Peterborough West has shown how it operates so unfairly against manufacturers of watches and other forms of jewelry. There is also quite a broad range of articles that perhaps do not lend themselves to classification, directly speaking, as jewelry, but are nevertheless handled through the same outlets as jewelry. The minister has referred to costume jewelry, but there are a great many other things to which this tax applies. There are all the leather goods, and luggage of all kinds. If my recollection is correct, luggage bears a thirty-five per cent tax.

Mr. ABBOTT: That is not the same tax.

Mr. FLEMING: No. I am dealing with the taxes that are imposed upon goods that are handled through the same outlets in many cases. If I remember rightly, the tax on luggage is thirty-five per cent. To that you add the eight per cent sales tax, which makes forty-three per cent right there.

Mr. ABBOTT: That is at the manufacturer's level.

Mr. FLEMING: Yes, and with the pyramiding that goes on, I am informed by those who are dealing in these goods that it is nearer sixty per cent or seventy per cent by the time it reaches the consumer.

With respect, Mr. Chairman, I should think there is no occasion now to continue taxes of that kind; there is no occasion for such heavy and harsh taxes being continued into peacetime. Pens and pencils are another example. Surely to goodness we are not going to say that fountain pens and pencils are a luxury in 1948 to which a luxury tax of a heavy amount should be applied. These taxes keep on pyramiding and pyramiding.

Then, there are very unfair applications of these taxes. Last year in my remarks on the budget I drew attention, or sought to draw attention, to the way in which this indirect tax was collected from the consumer. In the case of purchases from florists, this is the situation to which I drew attention. If you buy cut flowers in a florist shop today you do not pay the luxury tax, but if you buy flowers in a vase you pay tax, not only on the vase but on the flowers as well.

That has a counterpart in connection with leather goods. A wallet or billfold, if there is a pad of paper included with it, even of cheap quality, can be sold today as an article of stationery and does not pay the tax. If the same wallet or billfold did not have the cheap paper pad inside, it would bear the thirty-five per cent luxury tax imposed on leather goods.

This kind of tax has been called discriminatory, and it is so in many respects. It is discriminatory as against the retail vendors who sell goods of this description. It bears heavily upon them, and in that sense they are being singled out for the imposition of the tax. Those who are purchasing this kind of goods are also singled out. Along with that, you have a number of anomalous situations created by the effects of this discriminatory tax.

I suggest to the minister that the way to correct the anomalies is to go to the root of the problem and eliminate the tax. He has expressed his dislike of it, and I think it is fair to say he has expressed disapproval of this kind of tax. I urge him to go the whole way now. He has recognized the problem, and he will never have a better opportunity of eliminating a tax of this kind, which has no legitimate excuse for continued existence. I urge him to go the whole way and cut the tax out.

Mr. GIBSON (Comox-Alberni): The minister himself has conceded the possibility of evasion of the tax and I am curious to know what his estimate may be. Do we get half of what we should get, or a quarter, or what?

Mr. ABBOTT: That is anyone's guess. I do not know how many dishonest people or how many dishonest merchants there are in the country. I have proceeded on the assumption that the majority of people are honest and pay their taxes and their bills, and I should think that, in proportion to the amount of tax collected, the loss would be small. But there is no means of forming a particularly accurate estimate. The officials of the department inform me that there have been a considerable number of prosecutions, and that always has a salutary effect in helping people to maintain their naturally honest instincts. I have no doubt that it is helping in the collection of the tax.

Mr. GIBSON (Comox-Alberni): Has the minister considered putting it on the manufacturer's level? The minister would be sure of collecting it; it would ease the burden on the consumer, and he would get as much money.

Mr. ABBOTT: Speaking generally—I do not wish to have the words I say twisted—I prefer a tax of this kind, on the manufacturer's level, to a retail tax, if only to avoid the sort of thing suggested by the hon. member for Saskatoon City, that it is obviously harder to collect it from a large number of retailers, and to police it, than where taxes are imposed at the wholesale level. On the other side of the picture, where you impose a sales tax at the wholesale level, it tends to pyramiding a bit, and the retailer takes his margin of profit on cost plus tax. I cannot say that I disapprove this tax, as the hon. member for Eglinton suggests, but it is the type of tax I should like to eliminate at the earliest available opportunity. This budget, however, does not present that opportunity.

Mr. GIBSON (Comox-Alberni): Does the United States tourist pay the tax?

Mr. ABBOTT: Oh, yes. It is a retail purchase tax.

Mr. FRASER: That is what is hurting Canadian business.

Mr. GIBSON (Comox-Alberni): If the Americans allow their people to take back $400 worth of goods, this would be an excellent way to export things Americans want to buy, in the line of jewelry. They could take back $400 worth, and anything we could do to encourage them would be all to the good. If this type of goods could be exported through the mails without payment of tax that would be helpful.

Mr. ABBOTT: I am told that can be done. The tourist can purchase an article and have it shipped to his home town and it will be free of tax, but I do not know whether he could avail himself of this tourist exemption of $300 or $400, because my understanding was that he had to take the goods back with him when he returned. I would not be sure, but I do not think it applies to goods shipped out.

Mr. GIBSON (Comox-Alberni): Is English fine china subject to taxation?

Mr. ABBOTT: Not if it is for serving food or drinks.

Mr. ISNOR: I take exception to the loose manner in which the minister and other members speak of pyramiding. It is not fair to the retailers of Canada. They are doing business under conditions that are harder than ever before. They are using closer mark-ups today than in years gone by, owing to increased prices, and there is no such thing as pyramiding a twenty-five per cent increase. The buyer goes in and looks at an article. It is sold at $1, $1.50, $2.00, and it is easy to compute the twenty-five per cent. There is no pyramiding of any kind so far as that is concerned. I certainly think it is unfair for so many members, as well as the minister, no doubt unintentionally, to use the word "pyramiding" in a wrong sense. I think I should say that in fairness to the retailers.

Mr. ABBOTT: My remarks were not intended as a criticism of the retailers, and perhaps the word "pyramiding" was unfortunate. It is proper and necessary for the retailer to add his mark-up or margin of profit on cost, which includes the tax involved; and I was simply saying that, in the case of a retail tax, the retailer puts the tax right on and the purchaser knows what he is paying, whereas, when it is imposed at the wholesale level, of necessity it is collected by the manufacturer and there must be a percentage mark-up by the retailer; otherwise he could not stay in business.

Mr. FLEMING: "Pyramiding" is a proper term to apply to what happens, and it is not used in criticism of the retailer, the wholesaler or the jobber. They all do the same. It is inherent in that kind of tax. It is no use talking about an eight per cent sales tax as though that were the tax the consumer pays, because in practically all cases it is about doubled by the time the article is sold over the counter to the consumer, since the wholesaler has his mark-up and so have the jobber and the retailer. No criticism of the retailer is intended.

Mr. ISNOR: That is a lawyer talking.

Mr. FLEMING: The minister has not yet dealt with the question presented by this kind of tax, namely the discrimination involved. Why should he continue for another year a tax on such things as fountain pens, watches, trunks, billfolds and shopping bags as a luxury tax, when oil paintings, oriental rugs and expensive furniture are not and have not been subject to such a tax.

At six o'clock the Speaker resumed the chair and the house took recess.

[Mr. Gibson (Comox-Alberni).]

After Recess

The house resumed at eight o'clock.

DAIRY INDUSTRY ACT

PROPOSED REPEAL OF PROVISION PROHIBITING MANUFACTURE, IMPORTATION AND SALE OF BUTTER SUBSTITUTES

The house resumed from Tuesday, April 20, consideration of the motion of Mr. Sinclair for the second reading of Bill No. 4, to amend the Dairy Industry Act.

Mr. EUGENE MARQUIS (Kamouraska): Mr. Speaker, on April 20 last, before moving the adjournment of this debate, during the few moments at my disposal I placed a few remarks on record. May I recall to you that I then brought to the attention of the house the necessity of protecting and maintaining our dairy industry, which has been established and developed in Canada for three centuries in conformity with the geographic and climatic conditions that exist here, as well as the nature of our soil, so that today the production of milk and butter can be increased to an extent beyond the requirements of Canadian consumers. I also urge that the huge amount of money invested in livestock, buildings and equipment for the maintenance of the dairy industry should be taken into serious consideration, and that, as a matter of principle, artificial production should not supersede natural production.

Having this in mind, let me go on to point out that most of the vegetable ingredients used in this new, so-called good and nutritive margarine have to be imported, with the greater part of the oil seeds required being grown in the United States. Soya beans are grown in Canada on only a very small scale, and they are neither the best nor the cheapest source of oil for margarine. In the United States today the chief sources of oil are cottonseed and peanuts, neither of which is produced in Canada. Even if we tried to do so, it is hardly likely we would succeed in cultivating cottonseed and peanuts here. So the greater part of the oil seeds used in the fabrication of oleomargarine cannot be acclimatized to our country. On the other hand, if soya beans or any other oil seeds that are grown here should be used in the manufacture of margarine the result would be a greater shortage of oils for other domestic uses.

Can we forget, Mr. Speaker, that a few weeks ago this house adopted a measure im-

posing restrictions on a long list of commodities, which until that time we imported from the United States. If we were to abolish the ban on the importation of margarine we would also have to permit the importation of oil seeds, thus directly contravening the intention of a measure adopted by this house for the conservation of our currency.

What would happen in future if margarine should be thrown on the Canadian market? In a short time we would have a surplus of perhaps 100,000,000 pounds of butter for which we would have no market. In the United States, approximately one pound of margarine is consumed for every two pounds of butter. A similar trend in Canada would result in the displacement of over 100,000,000 pounds of butter, with a milk equivalent of two and a half billion pounds. It would then be a disaster not only for the dairy industry but for the economy of the whole nation.

Perhaps one may answer that the surplus should be converted into cheese; but this market would not be unlimited, and then we would have a surplus of cheese unsold and unconsumed. Canada has never been an exporter of butter, except spasmodically, because of her inability, on account of geographic and climatic conditions, to compete against countries with lower production costs. In some other dairy export countries the economy is based upon butter. For Canada the only reliable market for our export surplus of milk products in volume is the United Kingdom market for cheese, where Canada has the top rating and commands the highest price. If, however, surplus milk were provided through the decreased consumption of butter in Canada the result would be a corresponding increase in the production of cheese for export to the United Kingdom; and with larger supplies in prospect from New Zealand and Australia that market would be over-supplied and unable to absorb the additional supplies from Canada. Under such circumstances, the dairy industry in Canada would be demoralized, with the inevitable result that dairy herds would be cut and farm income reduced.

Let us assume, Mr. Speaker, that the present situation is caused by a world shortage of foods, especially grains. One or two good world harvests would bring relief; but to make a revolutionary change in the economy of the dairy industry in the present temporary emergency would have disastrous effects upon that industry and upon the general economy of the country. There are some 500,000 dairy farmers in Canada engaged in an industry contributing over $400 million to the national economy. To depress the standard of living of this large portion of our population, together with their families and other people engaged in agriculture, could not avoid having far-reaching effects upon their ability to purchase manufactured goods. In the province of Quebec, the dairy industry furnishes thirty-five per cent of the income of the farmers. It is the backbone of our rural economy. Here is a natural process of converting into milk products our yearly crop which otherwise could not be sold or consumed. On our individual farms each member of the family contributes to the production; and milk production is intimately connected with cattle and hog raising, ensuring to the country more and more livestock to meet the needs of our urban population.

Any policy tending to decrease the production of butter will naturally reduce the output of milk, which is a most essential food for the health of the nation. If, in some cases, margarine can be substituted for butter, oil cannot replace milk. As to the present situation of oils in Canada, it is as follows:

Minimum import requirements for the current year to supply Canadian needs of edible oils for shortening, mayonnaise, etcetera, are approximately 123,000,000 pounds, divided as follows:

	Pounds
Peanut and sunflower oils	70,000,000
Soybean oil	15,000,000
Cottonseed oil	13,000,000
Edible palm oil	11,000,000
Coconut oil	14,000,000

In addition, this year's estimated domestic production is:

	Pounds
Soybean oil	6,000,000
Sunflower oil	2,500,000
Rapeseed oil	5,000,000

Despite heavy imports, Canada is still short of supplying the domestic demands for these commodities. The question arises, therefore, where further quantities are to be obtained, in view of the world shortage. The statement has been publicly made by the chairman of Lever Brothers in London that he estimated the world shortage of oils and fats at 4,000,000 tons annually, and that controls in one form or another must continue for some years. Allocations are still made by the food advisory council. If our allocation is increased, it should be distributed to meet the needs of workmen in lumber camps or in similar trades. They are frequently making demands for a larger supply of oils and fats to be used in cooking.

It would appear that the efforts to legalize the manufacture and sale of margarine in Canada, resolved themselves into trying to have a product, for which the raw materials

are not available now; and when the day comes that these raw materials are available, other products, including butter, will also be in full supply. History and logic indicate that butter prices move with those of other commodities, and at that time butter will be available to consumers at a relatively low price.

I take exception to the opinion of those who state that this question is a matter of freedom. The first principle of economic freedom is to protect and maintain the well balanced economy of the country and consequently the farming industry. The physical and economic health of the nation depends on it.

Butter is a superior food and natural product of milk. Margarine is an artificial imitation of butter. Those who advocate the manufacture or importation of margarine should offer this so-called food, as it stands when made with oil without any colour and flavour for the imitation of butter, as shortening and lard are used in food. Shortening is used as shortening. Seed oil should be used as such in cooking. Margarine may be called "butter under false pretences."

Some people object to the actual price of butter. But what about the other commodities? Here is a list of commodities with comparative prices from the basic period to October, 1947. Mr. Speaker, if I have permission I should like to place this table on *Hansard*.

Mr. SPEAKER: Has the house any objection to giving the hon. member permission to place the table on *Hansard*?

Some hon. MEMBERS: Agreed.

Mr. MARQUIS: This is the table:

Commodity	Retail prices Basic period	Retail prices October, 1947
	cents	cents
Strawberry jam .....24 ounce	24	60
Marmalade .....24 ounce	21	42
Canned peas	11	19
Eggs .....dozen	43	64
Canned tomatoes .....28 ounces	12	28
Canned salmon .....½ pound	20	37
Coffee .....pound	41	59
Tea .....pound	84	1.14
Corn starch	8	17
Bread .....24-ounce loaf	6	13
Peanut butter .....pound	16	40
Corn syrup .....2 pounds	29	35
Butter .....pound	35	62
Sunlight soap	5	10
Beef, boneless roll	35	49
Lamb, leg	26	51
Bacon	44	64

And what about clothing, shoes, automobiles, et cetera?

[Mr. Marquis.]

Consumers have to remember that for many years milk and butter prices were far from being on a parity with manufactured products.

The same conditions existed during many years for farm and sea products, which were at such a low price that their owners were obliged to dump a great part of them as a total loss. Nobody complained at that time that the consumers did not give an adequate payment for farm products, and it would then have been of the utmost stupidity to qualify dairy industry as a monopoly. Today, the nature of this industry is the same. Those interested in it are men and women who work with their own hands and toil, from dawn to dusk, to feed our population.

Far from being a monopoly, the dairy industry is the prototype of private and individual enterprise. When butter was sold at twenty-five cents a pound, it was because the dairy industry was obliged to accept the prices fixed by monopolies. But what would be the nature of the margarine industry? Oil seeds would be for the greater part imported when only a small part of them would be grown here by farmers. But the industry would be operated by one or two powerful companies which would be the exclusive manufacturers. They would control the price paid to oilseed growers and the price of margarine. There is a real danger of creating a monopoly.

I wish to say a few words concerning the needs of the consumers. During and since the war, there has been a shortage of many commodities on account of the fact that we are contributing largely to the relief of European countries. Milk products in the form of cheese and concentrated milk are exported. Our allocation of oil and fats is insufficient for the needs of our own people. This is one of the reasons why butter was not available to all consumers during a short period of time. When I object to this bill, my view is not to refuse food to the consumers but to secure for every class of our nation, and particularly workers, butter in sufficient quantity and at a reasonable price, and to supply them with oil and fats in an adequate proportion. If, by the introduction of margarine into Canada, the production of butter be curtailed, then, in the near future, a serious shortage of butter will happen, leaving manufacturers of margarine free to sell their imitation of butter at the price of their choice.

Margarine is indeed a compound of oil and fats, which can be consumed in a form other than butter.

Some advocate that we should consume more vegetable oils and that, on this point, the United States standard of living is higher than

ours. Let us compare the fat consumption in the United States and Canada for 1945:

	Pounds per capita	
	United States	Canada
Butter	10·5	28·6
Margarine	4·2	..
	14·7	28·6
Lard	11·9	4·7
Shortening	9·9	7·9
Other fats	6·2	1·4
Grand total	42·7	42·6

We see that our consumption of butter is nearly twice that of butter and margarine combined in the United States. Would it be preferable to increase the consumption of imported lard and oil and decrease our farm production? I sincerely think this proposition would not resist a serious analysis.

A statement has been made that the high price of butter has caused a reduction in consumption. This is not in accordance with the facts. On the contrary, consumption of butter in Canada has increased about 33,000,000 pounds to the end of October, 1947, compared with the same period in 1946.

Some advocates of artificial butter contend that this false-coloured fat would be cheaper and consequently available to the consumers in the lower income brackets. I do not think it is fair to keep good natural butter for the more fortunate citizens and offer a substitute to the workers. Every citizen of this country is entitled to consume our best Canadian food.

Actually they consume shortening and lard, oils and fats in their daily meals. What would be the use of adding oil to oil and to discard such a good Canadian food as butter? On the contrary, we should encourage the consumers to use more and more milk products. It would be the best way of increasing the production and decreasing the price. But even at the actual rate milk is cheaper than other drinks, particularly beer, wine and alcohol. Indeed, the cost of milk is $6 a hundred pounds.

Let us see now what is spent for alcoholic drinks. From April 1, 1944, to March 31, 1945, the consumption of alcohol, wine and beer in Canada was as follows:

Alcohol, 3,719,918 gallons at $21 a gallon or $210 a hundred pounds, valued at	$ 78,118,278.00
Wine, 3,712,456 gallons at $3 a gallon or $30 a hundred pounds, valued at	11,137,368.00
Beer, 110,223,815 gallons at $1.90 a gallon or $19 a hundred pounds, valued at	209,425,248.50
Total	$298,680,894.50

This represents for each of the Canadian families an average expense of about $120 a year. If we compare the consumption of butter with that of beer, wine and alcohol we find that the whole production of 1946, 325,591,000 pounds at the rate of about seventy cents per pound, would cost $227,913,700, that is over $70,000,000 less than the disbursement for beer, wine and alcohol.

These figures are cited in order to show that propaganda is often made against farming products, when publicity is intensified to favour some other high-priced commodities. The price of butter has attained its peak on account of the fact that the production is rather small and more expensive during the winter. The price will decrease during summer, but it should not decrease to the low level known in the past.

If there is a surplus of oleomargarine in countries which grow oilseed on a large scale, this quantity should be diverted toward European areas which need fats and oils. We are now sharing our food with those who are menaced with starvation. Why should we import margarine which is absolutely necessary to feed those who cannot have fats and oils for their own living?

There is an open market for the exportation of such a product. It we want to support other countries we must maintain the stability of our national economy in order to produce a larger bulk of our own commodities and supply them with cheese, powdered or evaporated milk, and even butter, if possible.

In conclusion, I sincerely think members of both sides of the house should join together to protect the dairy industry in Canada. If a multilateral trade pact is agreed upon for the security of our future economy, steps should be taken to guarantee the maintenance and the development of our farm industries.

Such an agreement would probably be of great benefit to the farmers, but its acceptance does not imply the obligation of repealing the ban on the importation of margarine. An opinion has been given by legal experts, stating that in a country where the law prohibits the importation of a certain commodity it would not be necessary to amend the existing law in order to comply with the requirements of that multilateral pact.

Should the provision of the agreement be interpreted in a different way, I would urge this government to impose then very high duties on margarine. Personally, I am opposed to the principle of importing or manufacturing a substitute for butter.

I sincerely believe that God created cows for the production of milk and butter and has never put on the earth such a species as "vegetal cows".

(Translation):

Mr. J. OMER GOUR (Russell): Mr. Speaker, I take pleasure in protesting against the enactment of this bill which would allow oleomargarine being manufactured in Canada or brought in from outside because such a measure would be detrimental to the interests of farmers and of Canadians as a whole.

It is fitting that I should say a few words on the bill since in that fine constituency of Russell, which I have the honour of representing in this house, the number of electors in the rural areas is approximately the same as in the towns. In my opinion, if the cost of living is on the increase, it is not due mainly to the price of milk and butter. Some people say it is terrible to pay 15, 16 or 17 cents for a quart of milk or 70 and 75 cents for a pound of butter. However, they do not complain when buying large quantities of soft drinks at from twenty-five to forty cents a quart and liquor at anywhere from $5 to $10 a quart.

Theatres are jammed with people who spend anywhere from seventy-five cents to $3 for tickets. People think nothing of paying $1 to $5 for admission to a wrestling or hockey or a boxing match, and so on. Ladies are quite content to pay $5 to $50 for a tiny wisp of some sort of material, trimmed here and there with a few flowers which, when put together, they call a hat. Well and good, but current prices for milk and butter are considered dreadful.

I shall now tell you a little anecdote about an incident that happened when I had a visit from one of my friends who was bitterly complaining of the price of milk and butter. I said to him: "We will see if you are right. Your wages are $1.50 an hour, with three weeks holidays with pay and time off with pay for sickness. I will order my chauffeur to drive us to a good farm owned by one of my nephews, and if you are able to milk enough milk in one hour to produce $1.50 of butter value, I will give you the cow, the pail and the barn too".

(Text):

May I tell hon. members who do not understand French a little anecdote? Not long ago I had a visit from one of my friends who was complaining of the price of milk and butter. I said to him, "We will see if you are right. Your wages will be $1.50 an hour, with three weeks holidays with pay, and time off with pay for sickness. I will order my chauffeur to drive us to a good farm owned by one of my nephews, and if you are able to milk enough milk in one hour to produce $1.50 of butter value, I will give you the cow, the pail, the bench on which you sit, the milk, and the barn too." He refused the offer, and I now make it to any hon. member.

(Translation):

I make the same offer to any hon. member of this house. A hundred pounds of milk, in the form of butter, quality 3·4 brings only $2.45. As a liquid, it sells from $3.25 to $3.75 a hundred pounds, according to the fat content, that is about 8 to 10 cents a quart. That is all it brings to the farmer. The difference between 8 and 16 cents pays for distribution to homes in cities or towns.

I wish to assure my hon. friends that the importation of margarine would harm Canadians in general. Indeed, because they do not earn enough from the sale of butter, our farmers would reduce their herds and, having no milk substitute to feed calves and piglets, they would have to quit raising them.

What would happen to city people if farmers lacked means to buy manufactured goods? It would mean a slump in the manufacturing industries as well as in agriculture, and the country would go bankrupt, as it did from 1930 to 1935 under a conservative administration.

Mr. MICHAUD: Hear, hear!

Mr. GOUR (Russell): Mr. Speaker, I would like to say rural families buy four times more manufactured products than urban families, in proportion to population. Farmers buy implements of all kinds, vehicles, tractors, harrows, ploughs, cars, building materials, fence wire, threshing-machines and a great many other products necessary on a farm. They need more clothes than city-dwellers because of the variety of chores they have to do.

Mr. MICHAUD: That is true!

Mr. GOUR (Russell): I believe that every hon. member knows all about the different kinds of clothes the farmer needs to work in the rain, in the mud, in the stables and so on. Farm work is hard work, and so shoes, clothes and all other garments wear out much more rapidly than elsewhere. We must not forget that our farmers work 300 days a year—

Mr. GAGNON: Only 300?

Mr. GOUR (Russell): 300 days a year . . . Just a moment, it is my turn to speak . . . from twelve to fifteen hours a day, and five to eight hours on Sundays and feast-days in order to look after the cattle, etc. That totals 365 days.

Mr. MICHAUD: Hear, hear!

Mr. HARTT: Give them a bit of encouragement!

Mr. GOUR (Russell): These people have no holidays—

Mr. RINFRET: That is true!

Mr. GOUR (Russell): Their children begin to help them on the farm when they are nine or ten. Their salary is also quite small. Many of them earn fifteen, twenty or twenty-five cents an hour.

Mr. MICHAUD: That is true!

Mr. GOUR (Russell): Not 75 cents or $1.50 or $2 an hour as certain labour organizations request; egged on by communists. Workers often demand salaries of even $2 to $2.50 an hour. In my opinion, if the remainder of the people in Canada and throughout the world worked only two-thirds as much as farmers do, production would increase and goods would sell for less—

Mr. MICHAUD: He is absolutely right!

Mr. GOUR (Russell): This would help lower the cost of living. Goods cannot be cheap when people will not work.

Mr. HARTT: That is true!

Mr. GOUR (Russell): I want it understood that by farmers I mean people who indulge in mixed farming, farming on a large scale, those who raise cattle and poultry and so forth, as well as those who have taken up general farming, including grains and vegetables. We cannot call these people "gentlemen farmers", the latter growing mainly grain, as do most farmers in western Canada, where I was last year.

In western provinces those people call themselves farmers. Now our hon. friends speak on behalf of such farmers, though less than half are genuinely that. They are "gentlemen farmers" who work only three or four months a year and forever request large sums of money from the central and eastern provinces.

Mr. Speaker, I believe that excess profits taxes should be reapplied, for statistics show that many companies are making too much profit by asking more than they ought for their goods, thus raising the cost of living still higher. Steps should be taken to put an end to this state of things. I feel that a labour code, under federal control, is necessary right now.

I congratulate the Minister of Labour (Mr. Mitchell) for introducing such a bill in the house. I trust all the provinces will support it. Those who like the premiers of Ontario and Quebec refuse to come to terms with the federal government, are working against their province and the country as a whole.

Some hon. MEMBERS: Hear, hear!

Mr. GOUR (Russell): Through their stubbornness, they prejudice the interests of Canadians of all ranks who might profit from improved social legislation.

The provinces of Quebec and Ontario are richer than the others. All the more reason why they should help the needy provinces. When Quebec and Ontario were in need, they got help from the central government. Now that they are well off, let them not object to the need of other provinces. Let them rather co-operate with the central power which always assists needy provinces, as in the case of the recent floods in some of the provinces and the adoption of bills for the protection of New Brunswick and Nova Scotia. Those provinces were badly in need of help. I believe that we have reason to criticize the prime ministers of Ontario and Quebec for refusing to help the other provinces when they are in need.

Mr. THATCHER: Hurrah for Quebec!

Mr. SPEAKER: Order. I think I must call the attention of the hon. member to the fact that the bill we are discussing deals with the dairy industry.

Mr. DION (Lake St. John-Roberval): Mr. Speaker, I believe that the hon. member is quite in order, since he meant to say that the two central provinces are milch cows for all the other provinces in this country.

Mr. GOUR (Russell): Mr. Speaker, I cannot see anything in my remarks that can be detrimental to the interests of our country. This is the fourth time I have spoken in the three years I have been here. True, I might not be quite in order, but there are some here who take up three-quarters of the time of the house to say things which are of far less value to this country than what I am saying now.

I see nothing profitable in the import or production of margarine. To begin with, it has been proven that it is much inferior to butter and that there would be very little difference in its price and the present price of

butter, and almost none in normal times. We must not forget that from 1930 to 1935 butter sold at from eighteen to twenty-five cents a pound here in Canada. I wonder what a margarine company could sell for less than that, except axle grease.

Are we going to permit the sale of a product which will be of no benefit to consumers while discouraging our farmers who are already only too prone to abandon their farms in order to live in cities where they increase the number of shelterless people.

I regret to be compelled to say that there are in my constituency over one thousand farms, with fertile land and good buildings, which have been abandoned by their owners and which can be bought for the price the house alone would fetch if it were located in a village or a town. I call upon city people who claim that our farmers are making such large profits to buy those farms; we shall welcome them and they will be in a position to find out by themselves whether there is really so much money to be made on a farm, especially with butter and milk.

I suggest that members of the consumer's delegation who came to Ottawa some time ago, submit their grievances to provincial parliaments who control these products, and ask them for subsidies on milk and butter. If provinces claim they lack revenue, let the delegation ask that part of the taxes on liquor and cigarettes be used to subsidize milk and butter.

The money used for paying those delegates, who instead of making useless trips and delaying us at the House of Commons, would be more profitably spent on dairy products for people of slender means.

Looking over the statistics, we can easily find out that almost as much money was spent on spirituous liquors in the province of Ontario alone during the year 1947 than is spent on butter and milk by the whole population of Canada. I mention my own province because I do not want to meddle with the affairs of other provinces where consumption per capita is just as large. Now, if it is found that in spite of the fact that there is plenty of money for purchasing that product certain families are still in straitened circumstances, since for a reason or another there will always be some in such a situation, it behooves first the province, and afterwards the municipality, as well as welfare organizations to take whatever steps are necessary to provide milk and butter to those less privileged families.

(Text):

Now you will permit me, Mr. Speaker, to bring to this house the argument of some hon. members who have spoken in favour of oleomargarine, saying that its production would give work to the labourers of this country. We must not forget that the butter factories all across Canada give more work to labourers in Canada than a few factories or one factory manufacturing oleomargarine would give in large cities. What we want is more factories in small centres.

I may ask the financiers to come to my riding where we have the best advantages in Canada, lovely little towns where they can build factories for the manufacture of some commodities that we do not produce or that we produce in too small quantity for the needs of this country, and therefore are obliged to buy from the United States, when we are always short of United States dollars. I could mention flax and linen factories, for example, which would give work to thousands and thousands of people. We are producing, and are able to produce, all the necessary fibres to manufacture all the linen we need for this country as well as for sale, for millions and millions of dollars, to other countries, and thus we shall be able to replace the linen and all other textiles that we are buying from the United States and other countries. This would render a better service to the Canadian people than the manufacturing of oleomargarine, which would destroy our farmers.

I know very well this product "oleomargarine", for I sold and ate some when it was permitted on the Canadian market. It was just better than nothing, and at that time most of the buyers preferred lard, for to keep it fresh it has to be kept at a very cold temperature; otherwise it is not eatable.

There are only a few of my electors who are in favour of this product, and after short discussions they agreed that it was not favourable to the welfare of the Canadian people as a whole. Why, if this product can at all be compared with butter, will the Americans pay $1 and more for a pound of butter when they are able to get a pound of oleomargarine for half the price? Do you believe, Mr. Speaker, that the American people do not know what is best for them to eat? And if there were as

much butter in the United States, and at as low a price as it is in Canada, there would be very little oleomargarine sold there.

I believe that there should be more details and explanations given to our Canadian people, so that we may keep the farmers on the farms; and the people should not be so alarmed when, for a short period, the farmers have the advantage of making a little bit more money. You will admit with me, Mr. Speaker, that butter has been scarce only lately, and not for such a long period.

As usual, farm products are the last to go up and the first to come down. Some people try to convince us that inferior products are needed for those of smaller means, but everyone needs the best of food, especially those who are working hard. We in this country are proud to say that we have the best quality food for even the poorest class.

In conclusion, Mr. Speaker, I am sure that all our people, labourers and others, are such good Canadians that they would be glad if a measure of this kind were never put into force in Canada. They know it is necessary to help our farmers if other sections of the people are to benefit. The people in my riding are fifty per cent farmers and fifty per cent urban. There are as many electors in urban centres in my riding as there are farmers, and perhaps a few hundred more, and I am sure that they wish to protect the interests of the farmers. I have no doubt I speak for them on this question.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, the sponsor of this bill made a strong case for it. It seems to me that those who are opposing the measure we have before us tonight will hurt the dairy industry. This bill will not hurt it, but it is the attitude which we see exemplified tonight in the two speeches or essays to which we have listened. The industrial workers of Canada need some protection, and I suggest that we might as well regulate the production of the tea or coffee we use. Is this twentieth century liberalism which we see in the free trade party across the floor? I have always supported the bill. They have allowed two cases of oleomargarine to come in at the depot here from the United States, consigned to our parliamentary cafeteria, undelivered, and no one can use the product. In my opinion the government is making a serious mistake, and I think the Minister of Agriculture (Mr. Gardiner) should adopt the principle of freeing the house, so far as this question is concerned, and allowing the members to vote, not from the party standpoint but from the point of view of the nation as a whole. I submit that we should consider the interests of the consumer as well.

On motion of Mr. Menary the debate was adjourned.

WAYS AND MEANS

EXCISE TAX ACT

The house in committee of ways and means, Mr. Macdonald (Brantford City) in the chair.

The CHAIRMAN: When the committee rose at six o'clock it was considering section 5 of the resolution to amend the Excise Tax Act, which section deals with the retail purchase tax on watches, and so on. Does the clause carry?

Mr. FRASER: I would ask the minister to reconsider this tax as it affects non-jewel watches selling at less than five dollars. That is the poor man's watch.

Mr. ABBOTT: I have considered the question and I cannot hold out false hopes. I am afraid I cannot make any change in the decision. It was decided to restrict the relief to alarm clocks and not to extend it to watches. However, my hon. friend's representations, needless to say, will be borne in mind in future budget considerations.

Mr. JACKMAN: It is not good enough to say the representations of the hon. member will be borne in mind. I understand that the jewelers' association waited on the minister not only one year ago but two years or more ago and left his office under the impression that this was a tax which had been put on for war purposes only and that it would disappear with the termination of the war. Last year's budget brought no relief, and in the budget this year there is no attempt by the minister to live up to the impression, if not the promise, he gave them.

Mr. ABBOTT: No promise was given anyone, needless to say.

Mr. JACKMAN: I am sure the minister would not give a promise, but he left an impression with them which they took in good faith.

Mr. ABBOTT: I am afraid I cannot be responsible for impressions which may be given. I am particularly careful, in connection with all delegations to see me in regard to budget matters, to make no commitments. I think that is an entirely proper attitude to take. I receive delegations sympathetically, I hope, and listen carefully to their representations; but I do my best to give no indication

of what may be the result of their presentation. In this case I am sure the delegation were not mistaken as to the result.

Mr. JACKMAN: In this house we find no doubt whatever left in our minds. The minister speaks with great clarity of expression and we know exactly what he has in mind. I have no doubt, however, the delegation did receive the impression, and rightfully so, that some relief would be afforded to them and to their industry, because the whole purpose of the tax has disappeared. It does seem a very great and grave discrimination that a luxury tax, if you want to call it that, or a retail sales tax of twenty-five to thirty-five per cent should be levied against a certain class of goods, particularly when there are so many other goods which come within the luxury class. You can spend your money one way, if you wish, which involves labour and materials; but you cannot spend it another way. The people of Canada, not only as purchasers but also as retailers and producers, are a little tired of having the government tell them what they can do and what they cannot do when it makes no difference to the national economy which alternative may be chosen. They can spend their money in certain ways which will perhaps involve United States exchange but not in other ways which would also involve United States exchange, all because some bureaucrat far removed from the people decides that they shall do this and they shall not do that. The Canadian people are sick and tired of it, certainly those in my constituency; and the merchants of Toronto are thoroughly disgusted with the treatment they have received in connection with jewelry.

I should like to say just a word about the so-called inflationary aspect were this tax to be removed. I suppose the minister will say that the government is taking in six or eight million dollars a year from this tax, and that if the tax were removed that much money would be available to be spent for other things. However I think the minister and his department overlook entirely the fact that the demand for jewelry, luggage, watches and articles of that sort would expand rapidly if the tax were not there. Indeed sensible people, unless they are in urgent need of a particular article, are postponing their buying until such time as this government will live up to its intentions, if not its promises; and now that the reason the tax was put on has disappeared, the tax itself should disappear. So I am suggesting to the minister that if the tax were not there the demand for these articles would not decrease; I am sure he would go with me that far.

[Mr. Abbott.]

The minister mentioned costume jewelry as one item. Certainly the amount of labour going into the production of costume jewelry cannot be very great. If the minister wants to divert a substantial amount of money from other channels, where goods are in short supply and where inflationary pressure is being exercised, then I suggest to him that as a hard-headed businessman he take a good look and see what would happen if this tax were removed and, as I suggest, more money went into the jewelry trade. Despite the figures the minister gave us, some jewelers, particularly the smaller ones, are having to take on other lines in order to keep up their volume of sales, pay their overhead and obtain some return on their investment.

So once more I suggest that if the tax were taken off the minister would find inflationary pressures removed from other and more necessary articles which are in short supply, and therefore he would substantially help our economy.

Mr. GIBSON (Comox-Alberni): I wonder if we might revert to the point raised this afternoon by the hon. member for Peterborough West with respect to these non-jeweled watches selling for less than $5. I do not know whether the minister is familiar with retail outlets in Canada, but in many cases you do not have a jewelry store in your immediate vicinity. I am thinking of the hundreds of commissaries and small trading posts in the constituency I represent where the single item on which they have to make returns to his department may be these cheap watches; and it seems to me there would not be a great volume of tax involved. If it were possible to assist by having the tax paid on these cheaper watches at the wholesale level, for example, I believe these people would get away from a great deal of the difficulty they are now experiencing. So I would ask the minister to take this point under consideration and see if he cannot make it a little simpler. After all we have plenty of forms to fill out in Canada today, without going into this line of small stuff.

Mr. ABBOTT: I do not think that could be restricted to watches. It is true that in some of the stores such as my hon. friend mentions the cheap type of watches are sold, but there is a great deal of what I roughly described as costume jewelry also sold, which is subject to tax.

I have said this is a tax I would like to get rid of, along with some others; but I must say this is not a tax with which we should start, in a year like this. The figures given me show that sales of these products have been rising

steadily year after year. Today they have reached an all-time high, not only for this period but for the wartime years as well.

Mr. JACKMAN: Are you objecting to greater prosperity?

Mr. ABBOTT: I do not know that we need to give tax encouragement to stimulate the sale of jewelry. That may be desirable; I do not know; but if we were making broad, general tax cuts we should start with some other things I can think of. Frankly I do not feel that this is a year in which we need to do this; and for reasons I have tried to make abundantly clear I can think of some other taxes I would want to remove at least at the same time as this one was removed.

This is not a matter to which I have not given consideration. Let no one be under any misapprehension. It is a great deal more pleasant for a minister of finance to take off taxes than to resist this constant urging to take them off. I am sure I would not be fooling anyone if I were to say I get pleasure out of resisting this urging to take off taxes. I know it is much more pleasant and much easier to do that; but for reasons I tried to give in my budget speech I do not think this is a year for a general reduction in taxes, and I do not think we should start with this jewelry tax.

Mr. JACKMAN: The minister says this is not the time to take the tax off these so-called luxury items, though some are not in that class at all. I would agree with him, but for the fact that this tax was put on this industry when it was not put on other types of industry. This was a discriminatory tax applied for the one purpose of diverting industry into war production and away from needless, if you like, or unnecessary production during the war. All we ask now is that the discrimination which this industry suffered during the war years should be removed. There are other restrictions still in effect. They are only allowed to import a certain percentage in value of the watches they imported before, for instance; they cannot get certain synthetic stones and other materials to make their products. Why should a discrimination imposed during wartime, for war purposes, he continued in the third year of peace?

When it comes to a general reduction of taxes, which is long overdue, I hope that reduction will be made applicable to this business or industry to the same extent as to other industries and businesses. This is a special case, brought about by the war; but after three years the minister has not seen fit to relieve these people of the rank discrimination they have been suffering.

Mr. FRASER: I appreciate what the minister has said with respect to these cheap watches, and I feel quite sure he will do what he can in this case.

I should like to bring up one other matter at this time, which was particularly brought to my attention last evening. I was informed by a dealer who is in the drygoods business that he has on hand some few hundred outboard motors he is unable to sell, even to companies that use them for commercial purposes. I do not mean just for pleasure. Outboard motors are used by the hundreds by guides who look after our tourist trade coming in from the United States. That trade is most valuable to us. Before this tax went on many of the Americans who came here would not bring in their own motors, but would buy them here, and then perhaps take them back with them. Now they will bring their own motors from the United States.

I was about to mention how these motors are used for commercial purposes. They are used by guides. The forest rangers throughout the whole of Canada use them day in and day out. They even carry them on their aircraft to take them to the different little lakes. Tourist hotels find that they must have a number of these motors for their clientele. They are used by motor taxis. Trappers use them all the time, as do fishermen and lumbermen. I believe some consideration should be given to the use of these motors for commercial purposes.

There is on the market a cheap motor which will be sold this year. But the high-class product will not sell, and the dealers throughout Canada will have them remaining on their shelves. This is hard on the dealer, and extremely hard on the manufacturer. I believe I have not mentioned more than two or three times in fact that in my constituency we have the only outboard motor manufacturing company in Canada. That company manufactures a dozen or so different types. I hope the minister will give consideration to taking the tax off.

Mr. ABBOTT: I know the hon. member has in his riding one of the best manufacturers of outboard motors in the country. I have one of its products myself. This is the type of tax we want removed as soon as we can. Indications so far would not show, however, that there has been any serious falling off in the domestic demand for outboard motors. It is difficult to have exemption for a special class of user, as my hon. friend will appreciate. If you exempt the guide in respect of the portable type of motor, I am afraid, to use a slang expression, it would soon develop into

a racket. We would find people buying them ostensibly as guides and then passing them on to other people.

I am well aware of the handicap that this places upon manufacturers of outboard motors, under ordinary normal conditions, and my hon. friend can rest assured it will be taken off as soon as possible.

Mr. FRASER: On the tax alone it means an outlay of $50 by the guide, before he even gets the motor. That is a good many days' pay.

Mr. ABBOTT: The guide who takes me out fishing has raised his price in the last couple of years. I suppose that is to take care of the added cost of outboard motors.

Mr. FRASER: He is taking care of his income tax.

Mr. ABBOTT: He does not pay a tax; he does a cash business.

Mrs. STRUM: I should like to ask the minister about the knives and forks mentioned in resolution 5. Does that mean that the tax now applies only on sterling?

Mr. ABBOTT: Yes.

Mrs. STRUM: But it has been taken off all plated tableware?

Mr. ABBOTT: Yes.

Resolution agreed to.

6. That the special excise tax of three per cent on goods imported into Canada from general tariff countries be repealed.

Resolution agreed to.

7. That the rates of excise tax on matches be amended to provide for a proportionate rate of tax on packages of smaller sizes.

Mr. HERRIDGE: Would the minister explain what this means?

Mr. ABBOTT: We received representations from match manufacturers to the effect that the present arrangement of the schedule of taxation on matches prevented them from putting up matches in certain small-sized packages. There was a unit tax, whether the package contained fifty, seventy-five or 100 matches. I have forgotten the exact number. By merely altering the schedule of the tax the difficulty will be removed, with no significant loss of revenue. It is really just to make a smaller unit for the match package subject to tax. It may favour the use of book matches as against box matches, but I am not sure of that.

Resolution agreed to.

[Mr. Abbott.]

8. That the excise tax of 25 per cent be repealed on 16 mm. projectors for slides, films or pictures, and that the tax be extended to cover projector mechanisms, sound equipment, arc lamps, lenses, bases, and film magazines or reels for moving picture projectors.

Mr. FRASER: Are any motion-picture machines made in Canada?

Mr. ABBOTT: I understand there are. I am told there is a 16 mm. projector factory in Eastview, although I have not seen it.

Mr. FRASER: This is put on to protect our own industry?

Mr. ABBOTT: No, it is not put on for that purpose. This was a special twenty-five per cent excise, and it was removed because I received representations from ministers of education in the different provinces and from different religious denominations to the effect that these 16 mm. projectors were used largely in connection with schools, churches and the like. It was pointed out that this added cost was a heavy burden on that type of educational work. While some are also used privately after going into the matter thoroughly it seemed to me that the better course to follow was to remove the tax completely since, quite clearly, the major portion of these machines was being used in schools, churches and places of that kind. That is the reason for its removal.

Mr. FRASER: In the latter part of the resolution it states "that the tax be extended to cover projector mechanisms, sound equipment" and so on. That is putting on a tax, not taking it off.

Mr. ABBOTT: The reason for that is that they were coming in as parts, rather than as finished projectors. It was really a method of evading the operation of the tax, by bringing in half a dozen different parts, then putting them together and making a projector. So it was really a means of evading the tax.

Mr. FRASER: The projector now would be allowed in free.

Mr. ABBOTT: This is not a tariff matter; it is a matter of excise tax. The twenty-five per cent tax would not apply to the assembled projector.

Mr. FRASER: It will not apply to the duty, or anything like that?

Mr. ABBOTT: It has nothing to do with duty.

Mr. FRASER: It applies to the excise tax?

Mr. ABBOTT: Yes.

Mr. FRASER: And they will be allowed in excise tax free?

Mr. ABBOTT: It is not a question of being allowed in, because it is not a customs tariff item. The twenty-five per cent tax will not apply to the completed 16 mm. projector.

Mr. FRASER: But they will be allowed to come into the country?

Mr. ABBOTT: And it will not apply to 16 mm. parts.

Mr. ADAMSON: I have an amendment to this resolution. I move, in amendment:

That after the words "16 mm." the words "and 35 mm." be added.

I note that at present the resolution reads:

That the excise tax of 25 per cent be repealed on 16 mm. projectors for slides, films or pictures, and that the tax be extended . . .

And so on. It is the first line in which I am interested, where reference is made to slides, films or pictures. The vast majority of slides, particularly for church and institutional work are shown on 35 mm. projectors. That is, the still projector is not a 16 mm. but is a 35 mm. machine. I believe the minister will recall that during the war these projectors were used extensively to aid in sales in various war loan campaigns. They are the machines which take ordinary commercial 35 mm. coloured film or still film, and they are used extensively in this type of work.

As a matter of fact, I believe the Society for Visual Education, otherwise known as S.V.E., is the major manufacturer of this type of projector. I make a strong plea to the minister that this type of machine be allowed in, because they form a definite part in educational work in the showing of still pictures or slides. You do not show slides on a 16 mm. projector; your show them on a 35 mm. projector. I move this amendment.

Mr. ABBOTT: I question whether the amendment would be in order, because it would affect the balance of ways and means, being an amendment to remove a tax. If I may speak to it, the reason why 35 mm. projectors were not included in the tax relief given to the 16 mm. is that the 35 mm. projectors are used by the regular moving-picture industry. I have no doubt that, as my hon. friend has indicated, they are used for other purposes. My information is that the vast majority of the projectors used in schools, churches and the like are 16 mm. For that reason I do not feel that we would be justified in extending the tax relief to the other types of projectors which, incidentally, are imported from other countries, although that may not be particularly relevant here. For that reason I am afraid that I cannot accept the amendment.

Mr. ADAMSON: Apparently the minister does not understand the type of projector I am speaking of. I am referring to the projector for the showing of still films or slides, not a moving-picture projector. These were used extensively for the sale of victory bonds and they are used also to illustrate lectures and for church work.

Mr. ABBOTT: I shall look into the representations made by my hon. friend and see whether tax relief of this kind can be given without letting in the other types of projector. Under the provisions of the act by which this twenty-five per cent tax is imposed, it can be done by order in council. I cannot accept my hon. friend's suggestion as a formal amendment because I think it is out of order, but perhaps he will accept my assurance that I shall look into his representations at once and, if the still projector as he calls it is not of the type used by the ordinary moving-picture commercial enterprise, if it is in the school and church category, I will consider including it with the others.

Mr. ADAMSON: I withdraw my amendment after the assurance of the minister that it will be looked into.

Amendment withdrawn.

Mr. ABBOTT: We might be able to do it when we bring in the bill.

Mr. ADAMSON: The manufacture was originally by the Society for Visual Education in the United States. They are really the modern equivalent of the old-fashioned magic lantern.

Mr. ABBOTT: I know my hon. friend has a good deal of technical knowledge on these matters. I shall look into it at once.

Mr. ROSS (St. Paul's): Were any representations made in regard to 8 mm. projectors?

Mr. ABBOTT: No, we have had no representations on those.

Resolution agreed to.

DOMINION SUCCESSION DUTY ACT

Resolved, that it is expedient to introduce a measure to amend the Dominion Succession Duty Act and to provide, effective with respect to any succession upon the death of a person on or after January 1, 1948:

1. That the general exemption of estates not over $5,000 be extended to estates not over $50,000.

Mr. HARKNESS: Would the minister explain exactly what this means? I have looked into the matter to some extent and I must

confess that I am a little confused. According to the provisions already in force, this might mean that an estate of $49,999 would pay no succession duties, whereas one of $50,001 might have to pay succession duties of $3,000. I would like the minister to tell the committee whether that is the case.

Mr. ABBOTT: That is correct. The exemption of $5,000 now in the act will be extended to $50,000. In view of the point raised by the hon. member, I might say that there will be included in the bill what is technically referred to as a notch provision. By that I mean that in the case of an estate in excess of $50,000, or $50,001, to use the example of my hon. friend, the tax would be limited so that the effect would be not to reduce the value of the estate passing to the beneficiaries below $50,000. I cannot say exactly at what point that would be, what the gross value of the estate would be, but after the tax is imposed in the regular way it would not reduce the net going to the heirs below $50,000. When the bill is brought in it will contain a notch provision of that kind.

Mr. HARKNESS: Do I understand from the minister that the present section 7(4) will not be applicable as far as estates of $50,000 and those immediately above that amount are concerned?

Mr. ABBOTT: That is correct. Section 7(4) to which my hon. friend refers contains the words "five thousand" and the amending bill will substitute the words "fifty thousand".

Mr. NICHOLSON: Will the minister indicate what the loss of revenue will be?

Mr. ABBOTT: I did that in my budget address. The best we can estimate is that it will amount to $5,000,000 a year and will involve about ninety per cent of the estates.

Mr. HARKNESS: I am not quite clear yet on this. From what the minister has said, I understand that $50,000 of any estate will be completely exempt.

Mr. ABBOTT: No. If an estate is $75,000 the tax will be assessed in the regular way, but there will be a notch provision that if an estate is in excess of $50,000 the tax to be levied and paid will not reduce the net amount of the estate passing to the heirs below $50,000. In effect the exemption would not apply to an estate of $75,000, $100,000, $200,000 or whatever you like; in other words, the $50,000 is a starting point, not an exemption.

Mr. HARKNESS: The effect will be that estates of $50,000 or $53,000 or $54,000 would all yield the same amounts to the beneficiaries?

[Mr. Harkness.]

Mr. ABBOTT: I cannot answer that offhand, but quite possibly that might be the case.

Mr. MILLER: No doubt the minister, like some of the rest of us, has had representations made to him with regard to exempting life insurance policies made payable to the receiver general or the crown. We used to have that in Manitoba, and I believe they had it also in some of the other provinces. Provision would be made for the payment of succession duties by the taking out of a life insurance policy made payable to the provincial treasurer. That was practically free of succession duty charges.

I did not know until recently that was not the case under the Dominion Succession Duty Act. I wrote to officers of the department to confirm that there would be no such exemption. Would it not be good business and sound policy for the minister to exempt life insurance policies which were specifically earmarked for the payment of succession duties up to the amount of the succession duties?

Mr. ABBOTT: I am not thoroughly familiar with this procedure, but personally I am very much against it. It would be a splendid thing for the life insurance companies because it would be a good selling point. But, after all, the average life insurance policy represents the building up of a fund by the person who pays the premiums. There is a certain element in it to take care of the mortality risk, but the savings element in a life insurance policy is clearly determined. It is based upon time and the rate of interest. If I pay $200 a year as a premium for a certain number of years I build up a fund which, at an assumed rate of interest, will yield me a certain return at the end. I do not see any reason why the man who chooses to build up a fund to take care of succession duties by life insurance should be in any better position than the man who sees fit to build up a fund by depositing money in the savings bank or by buying government bonds. In either case you are allowing him a succession duty-free asset, and I do not think that is justifiable. That is my own personal view. In my own province of Quebec years ago we used to have succession duty-free bonds, which sold at a very low rate of interest. They have not been sold for years now, and I think properly so. With certain reservations, I think the same reasoning applies to a man who builds up a fund in a life insurance policy in order to pay succession duties. I am personally opposed to that type of succession duty-free assets.

Mr. MILLER: I am not worrying about the life insurance companies making money, but the succession duty rates nowadays is something to worry about, and it is only prudent financing for a person whose estate will have to pay succession duties to make provision for that contingency. I think also it would be sound business for the government to make certain that the funds to pay the succession duty will be readily available. I do not reckon it as an asset if it has to go to the government. Otherwise it seems to me you are depriving people of the means of taking care of this future liability which is hanging over their heads all their lives. I think it is well to make certain that the estate is not called upon to pay a large sum of money when it is extremely inconvenient to pay it, with the widow and family to be taken care of. I consider it sound business judgment for a person to take out a life insurance policy payable to the receiver general to pay the succession duties, and good business for the government to have them taken care of in that way. I am not advocating this so that the life insurance companies can make money, but for the reasons I have given.

Mr. ABBOTT: This does not deprive anybody of the right of taking out life insurance to pay succession duties any more than it deprives a man of the right to buy victory bonds to pay succession duties. The man who sees fit to buy life insurance to provide for succession duty liabilities has to take into account what the duties will be. The point which I am making, and which I know cannot be successfully contradicted, is that it is a method of creating a succession duty-free asset out of which to pay the succession duty liability, and in my view that is not justified. I am a great believer in life insurance. It is one of the best means by which professional men like myself can save money, and I carry as much as I can afford, but I do not think any form of asset of that sort should be succession duty-free. There is this privilege, that earnings of life insurance policies are exempt from taxation, and properly so. I can only repeat that I do not think a man should be permitted to set aside money to purchase a life insurance fund which will be exempt from succession duties.

Mr. MILLER: It is not set aside; you are taxed on that.

Mr. ABBOTT: You are taxed on any savings.

Mr. MILLER: It is not equivalent to setting aside $10,000 in victory bonds. You are gambling with the insurance company. You pay the insurance company so much a year and gamble that you are going to win, and they gamble that they will gain. You may pay only one premium.

Mr. ABBOTT: My hon. friend is a good enough lawyer to know that the business of life insurance is not gambling but a business based on averages. If it were gambling, life insurance companies would be out of business next week. I may pay only one premium, but my neighbour may pay twenty. The whole thing is based on mortality tables. I have studied life insurance law in my time and know something about it. A life insurance policy contains a saving element, whether you pay quarterly or annual premiums. It also contains an item for the mortality risk. But it is a form of saving. If you take out an endowment policy and reach the stipulated age the amount you receive represents the amount you have paid in, plus 3·1 interest, or whatever the rate may be, for that period of years. It is just another way of building up a capital fund, and it was never anything else.

Mr. FLEMING: Would the minister enlighten the committee further as to how this will operate in connection with provincial succession duties? There are two aspects of the problem. First there are those provinces which have not a succession duty but simply share in the dominion duty. Then there are provinces which have their own succession duty laws and collect succession duties, but in whose cases the dominion permits an exemption from the dominion succession duty to the extent of one-half, whereas the provincial duty is sometimes in excess of that. The resolution does not make clear how this will work out in connection with the provinces in these two different classes. Would the minister make a statement on that?

Mr. ABBOTT: We are simply increasing the exemption limit from $5,000 to $50,000. As I said in my budget speech, the dominion, in effect, is going out of the succession duty field with respect to estates of $50,000 or less. The two provinces which still impose succession duties will continue under their laws to collect succession duties at whatever rates and with whatever exemption limits may exist in those provinces, and the dominion will collect no succession duties in those provinces, because this exemption will apply to every Canadian, no matter in whatever province he may be domiciled. In the case of the other seven provinces there will be no succession duties collected on estates of $50,000 or under.

Mr. FLEMING: The last point is, I think, of interest to the committee. Will it mean in

the case of those seven provinces that the dominion, by abandoning the field of succession duties on estates of $50,000 or under, will thereby reduce to some extent the revenue of those seven provinces from succession duties?

Mr. ABBOTT: No, they are not collecting succession duties at all now.

Mr. FLEMING: They are not getting any direct benefit from succession duties out of the agreements they have signed with the dominion?

Mr. ABBOTT: They have the option of remaining in the succession duty field if they wish to do so, and the dominion in that case would give credit for the provincial duties paid up to fifty per cent. As a matter of fact, none of the seven provinces which have tax agreements with the dominion is collecting succession duties, so that the practical effect of this will be that in those provinces there will be no succession duties collected on an estate of $50,000 or less.

Mr. FLEMING: Is this clear, that those seven provinces will not lose any revenue by reason of the dominion's abandonment of the succession duty field up to $50,000?

Mr. ABBOTT: None whatever.

Mr. ADAMSON: An estate of $60,000 will pay succession duties at virtually the same rates as today?

Mr. ABBOTT: At exactly the same rates.

Mr. ADAMSON: But they will pay on the whole $60,000? This is not an exemption?

Mr. ABBOTT: That is correct. It is a starting point, except, of course, for the notch provision I mentioned a moment ago.

Mr. HAZEN: I would draw the attention of the minister to a matter that perhaps does not arise directly out of this resolution. It has to do with the gift tax. The rate of the succession duty tax is provided in the act we are now amending. The gift tax, I think, comes under the Income War Tax Act. There is a difference in rate between the succession duty tax and the gift tax. It seems to me that if a person wants, during his lifetime, to dispose of what he owns, he should not have to pay any higher tax on it than if he disposed of it by will, or if he died intestate and it passed in succession to his next of kin or his heirs at law.

What I should like to direct the minister's attention to is that fact. If he will examine the two acts he will find that the rates are different. It seems to me that the Dominion War Tax Act should be so amended as to conform with the Succession Duty Act so far as rates are concerned. I hope the minister will look into that. By bringing this matter to his attention, I am not suggesting that he should raise the succession duty rates, but I suggest that he bring the gift tax rate down to the succession duty level.

Mr. ABBOTT: I shall have to look at that. I imagine there are some differences.

Mr. JACKMAN: Is there any restriction on the amount of gift one may make to a charity in any particular year? You have to stay within your limitation?

Mr. ABBOTT: Under the Income War Tax Act, as my hon. friend knows, there is a limitation to gifts which one can make and deduct for income tax purposes. There will be no limit under the Succession Duty Act; there never has been under the succession duty acts of the various provinces. There is now in the succession duty act of the province of Ontario or of Quebec. The result of the proposed amendment here will be to bring our act in line with the laws in the provincial jurisdictions.

Mr. JACKMAN: There is a limitation on the amount which one can give without being subject to gift tax.

Mr. ABBOTT: That is in the other act.

Mr. JACKMAN: Perhaps there are two things. First of all, you may give away only ten per cent of your income and get a tax deduction; but if you want to give away additional amounts so that it might exceed the statutory limitation under the gift tax provision, is there a tax on the amount that you may give to charity?

Mr. ABBOTT: There is no gift tax on a gift to charity out of capital.

Mr. JACKMAN: May I ask the minister a question with regard to the notch clause? It is not quite the same as giving a gift to the crown in excess of $50,000. Does it work as severely as that?

Mr. ABBOTT: I do not know whether it will work out the same way. I will not go into the details here, but the effect of what is described as the notch provision is this. Let us say that the gift is $51,500 or $52,000. You have passed the point at which the tax on the amount passing would be less than the excess over $50,000. Well, at that time the so-called notch provision ceases to apply, but up to that point all the excess over $50,000 would be taken in taxes.

Mr. JACKMAN: It is much the same as a gift to the crown of the excess.

Mr. ABBOTT: Obviously the point at which it is reached would depend on the degree of relationship. I am informed that the maximum point would be somewhere around $60,000 in the case of a stranger, and it would be very much less for someone in the direct line, a wife or children.

Mr. JACKMAN: I am referring to this expression, "the general exemption of estates not over $5,000 be extended to estates not over $50,000." I am not very familiar with succession duties—

Mr. ABBOTT: You are pretty young yet.

Mr. JACKMAN: Yes, but one has to think of them, unfortunately. The general exemption there refers to the bulk of the estate, not to the tax on the recipients.

Mr. ABBOTT: No, the general exemption refers to the figure of $5,000, which is now mentioned in section 7, subsection 4, and which was referred to by the hon. member for Calgary East.

Mr. JACKMAN: An estate of $50,000, if it goes to a stranger in blood, let us say, has a larger tax.

Mr. ABBOTT: No, the exemption is $50,000. That is the starting point.

Mr. JACKMAN: No matter who gets it?

Mr. ABBOTT: That is correct.

Mr. JOHNSTON: The minister says that $50,000 is the starting point. Suppose the estate was $55,000. Would the succession duty apply only to the $5,000?

Mr. ABBOTT: No; I have been trying to explain that the succession duty would be on the full amount, but it would not reduce the estate of $55,000 below $50,000, if the whole estate of $55,000 were left to a complete stranger. I may just say this. If the duty were in excess of $5,000—I am told it would be about $8,000—

Mr. JOHNSTON: Not on the full $50,000.

Mr. ABBOTT: —nevertheless the amount of duty that would be payable would be only $5,000. The estate would pay $5,000 and the stranger would get $50,000. You maintain that starting point of $50,000. In the case of the estate of $55,000, in effect it is just as though the estate consisted of $50,000. We do not touch that at all for succession duty purposes.

Mr. WRIGHT: If I understood the minister aright, he said that gifts out of capital were exempt.

Mr. ABBOTT: To charity.

Mr. WRIGHT: To charitable institutions. But that there was a limit on the amount of gifts out of income.

Mr. ABBOTT: Yes.

Mr. WRIGHT: How do you determine whether it is out of income or out of capital?

Mr. ABBOTT: It is very simple. A person cannot claim deductions from income for tax purposes in excess of ten per cent in the case of an individual. If I have an income of $15,000 I can claim up to $1,500 for charitable deductions. If I were a corporation I could claim only up to five per cent.

Mr. JACKMAN: If you were a farmer you would not know the difference.

Mr. FLEMING: Will the minister tell us what the estimated saving is to the taxpayer on resolution 2? In his budget speech, the minister gave a figure of $5,000,000 for resolution 1.

Mr. ABBOTT: It is very hard to estimate. The estimate I have been given is that this will cost the treasury about $250,000 to $300,000 a year in tax.

Resolution agreed to.

2. That the limit on exemptions for gifts to charitable organizations of 50 per cent be removed; and—

Resolution agreed to.

3. That for the purpose of the act, shares of companies incorporated in Canada shall be deemed to be situated in Canada.

Mr. TIMMINS: Will the minister explain the purpose of this resolution? Is it for the purpose of curing some law that has been decided, because we have all had the experience of having a company such as the Canadian Pacific Railway Company with head office in the province of Quebec and also having its stock registered in New York, and there has been a conflict. It has taken us some time to have the matter cleared up. Is that the purpose of this resolution?

Mr. ABBOTT: Yes, that is the purpose of it. All of us lawyers are pretty well acquainted with situs of shares, and how they could be effectively dealt with and so on. Under our tax treaties which we have entered into with the United Kingdom and the United States, it has been established as a rule for situs of shares for succession duties that the situs will be the country in which the corporation is incorporated. Therefore it seemed appropriate that we should incorporate that definition in our law. Of course that would have no effect so far as possible provincial succession duties

are concerned, but it will make our law conform with the treaties which we have entered into with the principal countries in which there is a foreign holding of shares.

Mr. TIMMINS: Where do we find that; where does it come in—in our trade treaties?

Mr. ABBOTT: No, in these reciprocal tax agreements. We have only two at the moment which have been ratified by parliament. We have one with the United Kingdom and another with the United States. Another one is being negotiated with France, and another with New Zealand. I am sorry, it is only an income tax one which has been negotiated with New Zealand. I imagine there are not many foreign holdings in New Zealand. The two we have at the moment are with the United Kingdom and the United States. We are negotiating one with France which I hope will come before the house for confirmation at an early day.

Mr. JACKMAN: There used to be a great many companies created in Canada which were held entirely by outsiders, non-resident-owned companies and others. Does this section mean that in the case of the beneficial owner of the security in such a company as that which merely has a head office in Canada, has merely a Canadian charter, Canada will collect the succession duty and not the country where the man is domiciled? Does it go that far? It must be important for us, or important to the countries where the beneficial owners have their domicile.

Mr. ABBOTT: That is correct. We collect the tax at the source, and in the case of persons in the countries to which I have referred, they are given a tax credit in their own jurisdiction. It works both ways.

Mr. JACKMAN: Is this not too much of a good thing for our country? I am surprised that we were allowed to negotiate such a treaty with other countries, because surely Canada is the only country that has a great many of these charters under which people outside the country own all the shares of the company. Or is it pretty well on a reciprocal basis? How did we manage it?

Mr. ABBOTT: I would say it is not to the disadvantage of Canada. The United States have that as a general rule, apart from treaty provisions with us. We have this effectively dealt with rule, and I am familiar with it, because I had a case in which it was invoked, which went to the privy council, so that I know all the arguments pro and con. I think this is a sensible sort of rule and it is certainly not to the disadvantage of Canada.

[Mr. Abbott.]

Mr. JACKMAN: How does it work out in respect of a Canadian who may hold shares with a Bahamas company that holds all the securities?

Mr. ABBOTT: We would tax him on all his assets, wherever he was domiciled. The only practical effect is in connection with shares of non-residents, persons not resident in Canada, who own shares in Canadian companies. Under the rule laid down, the transfer place could be established in Bermuda or the Bahamas and the shares effectively dealt with there, and Mr. Smith, who lived in Czechoslovakia, could have his shares registered on the Bermuda registry and he would not be subject to succession duty in Canada. Under the proposed amendment that will not apply. If he lives in the United Kingdom or the United States it will not have a practical effect because, while we will collect the tax at the source, he will get credit for it in the jurisdiction of his domicile.

Mr. JACKMAN: Suppose a man has shares in a company incorporated in Bermuda. That is where the situs is.

Mr. ABBOTT: It is in virtue of the legal maxim *mobilia sequntur personam*. It would be taxable at the domicile of the owner.

Mr. ADAMSON: I should like to bring up an income tax matter in connection with charitable organizations. As the minister knows, there are a number of arenas and war memorials of different types that are being erected across Canada today, and I have had considerable correspondence and several interviews with the department in regard to deduction from income tax for the erection of such structures. I noticed in the paper—

The CHAIRMAN: Order. There is a resolution dealing with the Income War Tax Act which has not yet been considered by the committee, and I believe the remarks of the hon. member would be more appropriate under that resolution.

Mr. ADAMSON: That is all right if I am given an opportunity there.

Mr. ABBOTT: We could discuss it there.

Mr. ADAMSON: I just want the chance to discuss it; that is all.

Mr. JACKMAN: I am not clear as to resolution 3. As I understand it, if a Canadian dies owning shares in the Standard Oil of New Jersey, those shares will be taxed in the United States jurisdiction and the Canadian gets credit for it.

Mr. ABBOTT: Yes.

Mr. JACKMAN: Is that due to a treaty of reciprocity between the two countries?

Mr. ABBOTT: Reciprocity helps out. If it were not for our treaty with the United States, the Canadian would be taxed there and would get no credit in Canada, because the Americans proceed on the principle that they collect succession duties on the shares of a company incorporated within the United States. Under our treaty with the United States, the United States authorities would collect succession duties at the source, on Standard Oil of New Jersey, but the heirs of the deceased would take credit for it on his tax liability in Canada, and the reverse would be the case.

Mr. JACKMAN: If the shares were owned by a Canadian but belonged to a Bermuda corporation, who collects the tax there?

Mr. ABBOTT: In that case a man might be subject to double taxation. This statute would have no bearing on that case at all. In the case of a man who lived in Ottawa and dies domiciled here, owning shares in Bermuda, or in Tanganyika or anywhere else—

Mr. HACKETT: The shares being situate here.

Mr. ABBOTT: Because he is domiciled here he cannot get away from that tax, so that what he is exposed to is double taxation. Bermuda may impose a tax; he may then have to pay a tax to Ontario, to the dominion and to Bermuda. We have no control over outside taxation jurisdictions. This proposed section does not affect in any way a person dying domiciled in Canada, because all his assets, no matter whether they are shares of Bermuda companies, or English companies, or French companies, are subject to tax in Canada.

Mr. JACKMAN: This section, then, is just to catch foreigners who hold shares of Canadian corporations. They will be taxable in Canada?

Mr. ABBOTT: That is right.

Mr. JACKMAN: There is a reciprocal provision, working vice versa, with the United States and Great Britain?

Mr. ABBOTT: And within a short time we hope to have one with France.

Mr. MILLER: I wish to raise a point which is not pertinent to the matter we are discussing; but there is a cause of grievance in Manitoba, and it is true of all the provinces except perhaps Ontario and Quebec. I do not know what can be done about it except for the suggestion I am going to offer, which the minister may not wish to adopt. Take the Canadian Pacific Railway Company. Many people in the west own Canadian Pacific shares and, when they die, we have to transfer the shares at Montreal, the registry office being there. Before we do so, we have to file succession duty papers in the province of Quebec and pay Quebec succession duties, which is not justified. The man may have lived in Manitoba all his life, never having seen Quebec, and I do not see why his heirs should pay succession duties on his estate because he has shares transferable on the books at the point of registry in Montreal. In fairness to the citizens of other provinces, the dominion should put in the Dominion Companies Act, or in the acts of companies incorporated under a dominion act, a provision to meet this situation. The Canadian Pacific Railway Company has a special act; other companies come here for incorporation, and I think it should be provided that they should establish registry offices in the other provinces so that shares can be transferred in the province in which a man dies and in which he has resided. I do not think tribute should be paid to another province from which he received no benefit and in which he had never lived.

Mr. ABBOTT: The banks do that. The suggestion is an interesting one. I sympathize with the position of those who pay double duties in that way. I have done my best for some time to eliminate that evil, but only with partial success.

Resolution agreed to.

INCOME WAR TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Income War Tax Act and to provide:

1. That, in addition to other deductions, a deduction from income for the 1948 taxation year of $500 be allowed to an individual who has attained the age of 65 years prior to the end of the year.

Mr. FRASER: I have received many letters as well as resolutions from different organizations and societies asking that people, especially in the low-income brackets, be given a little more relief. I have a communication from the county council of Peterborough asking that the exemption for single persons be raised from $750 to $1,500, and for married persons from $1,500 to $3,000. This year the minister has given no relief whatsoever.

Mr. NICHOLSON: You voted against it.

Mr. FRASER: I did not vote against it. I have always been in favour of giving the fellow with the small income a decent break. They have not had a break this year.

Mr. KNOWLES: That was our amendment, and you voted against it.

Mr. FRASER: I never voted against anything of the kind. The men and women who are hit hard this year are those in what might be called the white-collar class. They have not had a break at all. Their incomes have remained at the same old level, with no chance of an increase, but the income tax goes on forever. I feel, and I am sure the people across Canada feel, they should be given a break. So I hope the minister will see fit to bring in some sort of amendment to give these people some relief this year, particularly in view of the high cost of living.

Mr. ABBOTT: I have received a great many letters myself—

Mr. FRASER: I'll bet you have.

Mr. ABBOTT: —and a good many representations. Again in this regard I did my best in my budget speech to explain why this year I felt it was not desirable or in the interests of the Canadian people as a whole that we should give any further income tax exemption. I reiterate that since the high point of income tax during the war there have been three substantial income tax reductions amounting on the average to fifty-one per cent; and for reasons it is not necessary for me to repeat now I came to the conclusion, and the government came to the conclusion—

Mr. HACKETT: Fifty-one per cent of what?

Mr. ABBOTT: Reduction in tax from the beginning of 1941. That is not generally appreciated; the public memory is very short.

Mr. HACKETT: I know my income taxes have not been reduced by fifty-one per cent.

Mr. ABBOTT: But my hon. friend is in a very high bracket, and I am speaking of the average. I do not know that my taxes have been reduced that much, either, and I am not in nearly as high a bracket as my hon. friend. In any event, I indicated why I did not feel this was a year in which we should make any general reduction in income taxes. A substantial reduction was made last year, which it is true in 1947 was effective for only six months, but for the current year will be effective for the twelve months, and which on the average was a reduction of some twenty-nine per cent. That reduction was much higher in some of the lower brackets; and even up to such appreciable incomes as $15,000, $18,000 and $20,000 the reduction was as much as twenty per cent last year. But in view of the economic situation existing today, and for reasons I gave in my budget speech, I felt that this was not a year for further income tax reductions.

Mr. FRASER: The minister said the income tax had been reduced by fifty-one per cent. He must also realize that from 1939 on the income tax went up like a skyrocket; and fifty-one per cent of that very high income tax does not mean very much. Certainly it does not get us back to pre-war levels.

I should like to mention another matter at this time, which was brought to my attention the other day. I do not know whether it should come under this item, but it has to do with income tax and if I do not bring it up now I may not have another chance. This man owns a grocery store. In his return he listed the amount that should be allowed for the food of one kind and another he took out of his store for his own use. Then the inspectors came along and said, "You have taken that out at the wholesale rate. You should have taken it out at the retail rate."

Mr. ABBOTT: Quite right.

Mr. FRASER: No, it is not right. I would not doubt but that the minister himself buys at the wholesale rate in some cases.

Mr. ABBOTT: No.

Mr. FRASER: Well, other people do. If you buy in a chain store you may pay a different price from that in another store. Many people buy at wholesale, and in a store of this kind they should be allowed to charge the price they paid for the goods. Otherwise it is not fair to the man in the grocery store or meat store or whatever it may be.

Mrs. STRUM: This most peculiar kind of social security I think violates all the ordinary tax procedure we have been taught to expect from the Minister of Finance. Income tax is usually calculated on the basis of income, not on the basis of age. This sort of exemption may permit a man to drop into another category, which will let him off and save several hundred dollars, if he happens to be in the right place on the scale. But it does not put a dollar into the pockets of the people who do not have money. Therefore I think it defeats its own purpose. I am sure the minister was thinking of people in terms of social security when he adopted this method, just as he used the excise tax as a kind of rationing to discourage people from buying things which required United States dollars. I think, however, this is a departure and a contradiction in method in the approach to income tax.

Furthermore, as has been said in this house, this proceeds from the wrong end of a person's life. Today money has shrunk to a degree which scares me. When I go into a grocery store, as I do several times a week to buy simple things like milk, bread, eggs and the ordinary things people eat which are not luxuries—

An hon. MEMBER: Butter.

Mrs. STRUM: Yes, and butter—the value of money seems very small. And look at shoes. The shoes for which you used to pay $9 are now $15, and the shoes for which you paid $4 or $5 are $8 and $9. Shoes are not a luxury in this country. So this sort of thing does not benefit in any way the people who need money most. I believe the whole income tax structure is wrong, because the government has permitted the decontrol of all the things people eat and wear and use, not as luxuries but just in order to exist. If we are to permit prices to go up I believe exemptions should have gone up as well; but not at this end of a person's life, when his children are married and independent and no longer require consideration, and the grandchildren have begun to arrive. So I believe the minister should be severely criticized for this kind of social security legislation. It is to the wrong group; it is at the wrong age, and it does not do a thing for the people who need social security the most, those who are struggling with young children, those who are on old age pensions, those who are living on small annuities, who come within the income tax brackets but who are not paid at that level.

Mr. HACKETT: I do not think the minister would want a false impression to go out. He made some reference to a reduction of fifty-one per cent. I do not think he intended the public to understand that the receipts from personal income tax have been reduced by fifty-one per cent, did he?

Mr. ABBOTT: Oh, no, of course not. Perhaps I did not put it in this way, but this statement has been made publicly; it was made in my budget speech last year. I said the average income tax rate on the average Canadian is down fifty-one per cent from the peak of 1942. Of course the income of the average Canadian is away up. The aggregate national income this year will be something like $15,000 million or so, I am told, as against something in the order of $6,000 million in 1939. So that, while the take as far as income tax receipts are concerned is higher, what is left in the hands of income tax payers is still greater.

Mr. JACKMAN: I think it would be interesting to learn just how the minister makes up that figure of fifty-one per cent. It would be comforting to some of us who do not feel quite that way about it to realize that the figures are arithmetically correct. As the hon. member for Stanstead said a moment ago, direct taxes on individual incomes amounted to $813 million in 1943-44; and it is estimated that for this year, with the fifty-one per cent cut, they will amount to practically $660 million. That is a reduction of about eighteen per cent. So I think we should know exactly how the fifty-one per cent, which undoubtedly is a figure arrived at somehow, has been reached. Obviously it did not take into consideration the total taxation on incomes then and now, and say there has been a reduction of fifty-one per cent, because that is not so. The reason the minister gave may be sound, that the total income of the people has gone up during that period. I think we should know exactly how the percentages were taken, so that we can understand what that figure means. Perhaps it will redound to the minister's glory, and perhaps he will be glad to put it on the record.

Mr. ABBOTT: I do not care particularly whether or not it redounds to my glory. I am interested in the income tax itself, and I know my own income tax is down appreciably. I cannot tell my hon. friend how the computation was made.

Mr. JACKMAN: I did not think so.

Mr. ABBOTT: But it was made by officials of my department, and very carefully too. They took the number of taxpayers in the latest year and worked out what the same number of taxpayers, having the same incomes would have paid in 1942. The same number of taxpayers, with the same incomes would have paid fifty-one per cent less tax in 1948 that they paid in 1942. I approve the fashion in which those computations were made. It is perfectly true that in the higher brackets the reduction no doubt has not been as great as fifty-one per cent. But if my hon. friend will take his income for 1947 and relate it to his income for 1942, and figure his tax on the two rates, he will find that there will be an appreciable percentage reduction in his tax. And, incidentally, the fifty-one per cent excluded the refundable portion of the tax in 1942.

Mr. JACKMAN: And also excluded the increased cost of living.

Mr. ABBOTT: Well, that is another topic, altogether.

Mr. KNOWLES: When the minister tries to answer my hon. friends to the right, by saying that the fifty-one per cent figure is worked out as an average, I am reminded of the interesting and forceful speech made by the Minister of Justice a few days ago when he replied to the hon. member for Muskoka-Ontario, and tore his averages all to pieces.

Mr. JACKMAN: The Minister of Justice was wrong in his computations.

Mr. KNOWLES: As the Minister of Finance knows, nothing could be more deceptive than an attempt to talk about averages.

Mr. ABBOTT: A great many taxpayers have had a 100 per cent reduction in the lower brackets. Some 500,000 taxpayers were taken right out of the income tax brackets last year.

Mr. KNOWLES: Because their incomes are so tragically low. The minister also mentioned taxpayers in the upper brackets not getting the percentage reduction in income tax that people in the lower brackets have had. That is true when you talk in percentages. But when you talk in terms of dollars and cents, those in the upper brackets have had a much greater reduction than those in the lower brackets.

I wish to support, however, the contention of those who have been arguing that these increases in exemptions afforded in resolution 1 should have been afforded right across the board, rather than to a particular age group. My colleague the hon. member for Qu'Appelle has already pointed out that this introduces a principle completely foreign to the whole theory of taxation, which is supposed to be based in some way upon ability to pay.

Mr. ABBOTT: It is in both the United States and United Kingdom income tax laws. Your labour friends ought to take it out, I suppose.

Mr. KNOWLES: That still does not necessarily make it desirable income tax legislation, or necessarily desirable in this country.

Mr. ABBOTT: I agree.

Mr. KNOWLES: I feel strongly that if the government were anxious to donate some small portion of its huge surplus to the older people of Canada, it could have done so in a much fairer way. The minister said in his budget speech that this provision would reduce the revenue of the government by about $5,000,000. In other words, in 1948 the government proposes to let Canadians of sixty-five years of age and over retain $5,000,000 that they did not have for their own use in 1947. Well, surely the logical way to donate $5,000,000 to Canadians sixty-five years of age and over is to give it to those who have the least, rather than to give it on the basis of a schedule which means that the more you have, the more you get.

I have gone to the trouble of working out a table showing how this applies under the scheme proposed by the minister. I worked it out by myself, and hence—

Mr. FLEMING: I am trying to follow the hon. member's argument. However I have been unable to follow his last remark about this proposal being based upon the theory that the more one has, the more he should get. It is based upon age.

Mr. KNOWLES: I am saying that with reference to those in the age group of sixty-five years and over the effect of the minister's proposal is that the more one has, the more he gains.

Mr. ABBOTT: That is true of any exemption. It is true of increasing the exemption to $1,500 or $2,000.

Mr. KNOWLES: This proposal adds to the insult which has already been given this further injury in the age bracket where the concern of the Canadian people is mainly over those who need help.

I am going to read this table to the committee. It is not a long one, but I have worked it out myself, and I would not for one moment ask to have it placed on the record without reading it. It shows the results of the minister's proposal. This table is in two parts, the first of which relates to single taxpayers or single persons sixty-five years of age and over, and the second part of which refers to married couples sixty-five years of age and over or where the taxpayer is that age. I have divided the table into four columns, the first of which shows the income per year; the second, the amount of tax at the old rate, or with the old exemption; the third gives the amount of tax with the new exemption, and the fourth shows the net gain. The table is as follows:

Single Persons 65 Years of Age and Over

Income per year	Amount of tax with old exemption	Amount of tax with new exemption	Net gain
$ 750 or less	Zero	Zero	Zero
850 ...	$ 10.00	Zero	$ 10.00
950 ...	22.00	Zero	22.00
1,050 ...	36.00	Zero	36.00
1,150 ...	52.00	Zero	52.00
1,250 ...	70.00	Zero	70.00
2,000 ...	220.00	120.00	100.00
6,000 ...	1,055.00	945.00	110.00
15,000 ...	4,152.50	3,940.00	212.50
20,000 ...	6,515.00	6,265.00	250.00

Married Couples 65 Years of Age and Over

Income per year	Amount of tax with old exemption	Amount of tax with new exemption	Net gain
$1,500 or less	Zero	Zero	Zero
1,600 ...	$ 10.00	Zero	$ 10.00
1,700 ...	22.00	Zero	22.00
1,800 ...	36.00	Zero	36.00
1,900 ...	52.00	Zero	52.00
2,000 ...	70.00	Zero	70.00
2,750 ...	220.00	$ 120.00	100.00
6,000 ...	890.00	770.00	110.00
15,000 ...	3,840.00	3,640.00	200.00
20,000 ...	6,140.00	5,890.00	250.00

It will be noted that in the table for single persons the term "zero" appears in the three columns following the initial amount of $750 or less. This bracket includes perhaps the largest number of Canadian people of sixty-five years of age and over. They receive no gain whatsoever, although they are the people who need it most.

It will be noted, further, that I give the computation for the amount of $6,000 with respect to both single and married persons, because this is an amount concerning which hon. members in this chamber and in another place have some knowledge.

I presume that, since I have read that table, *Hansard* will reproduce it in tabular form so that it will be easier to follow. It simply points out that this proposal of the minister gives nothing at all of this $5 million to single persons of the age of sixty-five years earning $750 a year or less, and it gives nothing at all to married persons of age sixty-five years earning $1,500 a year or less. But it does give these increasing amounts to those who move up into the higher brackets.

Mr. FRASER: Did the hon. member figure in the surtax?

Mr. HACKETT: It would not make much difference.

Mr. FRASER: It would be misleading unless surtax was included.

Mr. KNOWLES: It would not change the basic saving. If you took in the surtax it would change the total that is now paid and the total that will be paid, but it would not change the net gain.

Mr. FRASER: It would not change that, but it would show the payment for income tax.

Mr. KNOWLES: That is right. It would show the payment for income tax as being slightly different in columns 2 and 3, but the net gain in column 4 would be the same.

Mr. JACKMAN: Whose money was it that the minister stated he was giving to these people?

Mr. KNOWLES: The minister said that this provision will cost the federal treasury $5 million. In that sense it is $5 million which was collected from these people last year but which will not be collected from them this year. In other words, the people in these upper brackets in particular will get these gains. They are not great because, as I said, in no case will it amount to over $500, but the principle is there. These people will get these gains at the expense of the federal treasury, whereas we contend that if the federal treasury is to make this contribution of $5 million it should have been made to those in that age group who need it.

Mr. JACKMAN: Whose money was it that the state is giving to these people?

Mr. KNOWLES: It is money which, by virtue of our general income tax laws, is collected by the state for use by the state in the interests of the people as a whole. There are some other figures I should like to have, but I am afraid I shall have to ask the minister for them. He said in his budget speech that this would cost the government about $5 million. I assume that he must have had some basis for arriving at that figure.

I find that in 1941 there were 767,815 persons in Canada of the age of sixty-five years and over. That figure is probably higher now; it would be at least 800,000 and more likely 900,000. Of the 800,000 or 900,000 persons who are sixty-five years of age and over, 275,000 are in receipt of old age pensions. They would all be down in the lower brackets and would not get any of this benefit at all.

I should like to know from the minister how many of the 800,000 or 900,000 Canadians who are sixty-five years of age and over are taxpayers; how many of those who are taxpayers are down in the lower brackets, say $1,000 or less for single and $2,000 or less for married, and how many are in the upper brackets. In other words, can he tell us how this $5,000,000 is being distributed.

Mr. ABBOTT: I cannot break it down quite as far as my hon. friend would like, but the best estimate that the income tax statisticians were able to give me was that this proposed exemption would be of benefit to between 80,000 and 100,000 Canadian taxpayers.

Mr. JACKMAN: I think I should say to the committee that I can assure them that there are no members of the C.C.F. over sixty-five years of age who are single and who receive more than $1,250 or who are married and over sixty-five years of age and members of the C.C.F. who receive over $2,000.

Mrs. STRUM: How do you know?

Mr. JACKMAN: Or you would not be talking that way.

Mr. NICHOLSON: Could the minister explain the machinery that will be used to determine the age of persons applying for this benefit Most hon. members know the difficulties old age pensioners have in getting birth certificates and proof of age. What will be the requirements? Will a person who attains the age of sixty-five years during the tax year be entitled to the benefit for the full year?

Mr. ABBOTT: He will require the usual proof of age. The taxpayer who now claims exemptions for taxable children must state their ages and they are subject to proof. I presume that in most cases the department will take the taxpayer's statement, but no doubt there will be the usual spot check to see whether they are correct and the taxpayer will have to prove his age if it is questioned. Whether a person is sixty-five years of age or over is a question of fact; the taxpayer is entitled to the exemption only if he is in fact sixty-five years of age or over. If the income tax inspectors are in doubt as to his bona fides when he claims that he is sixty-five years or over he will have to prove what age he is.

Mr. NICHOLSON: Before a person gets an old age pension, a birth certificate or some proof of age must be supplied. Will everyone have to submit proof of age before he can claim this benefit?

Mr. HACKETT: That should be on the record already.

Mr. ABBOTT: I could not answer that offhand. I imagine the administration will work it out in a sensible sort of way. I doubt if they will ask every income taxpayer to send in a birth certificate.

Mr. NICHOLSON: I do not recall any form that I have ever signed in connection with income tax that contained my age. I am sure that some women taxpayers, particularly those in the thirties, would object very much to giving their ages.

Mr. ABBOTT: I cannot say just how it will be administered. It will be recalled that during the war people over sixty-five years of age were exempt from paying the refundable portion of the tax and the income tax people apparently were able to administer that without serious difficulty.

Mr. HACKETT: Do not the ages of most people already appear on the returns because they would be given when deductions were claimed for them as children?

[Mr. Jackman.]

Mr. ABBOTT: If an individual was a child at the appropriate time after 1917 that would apply, but some of us were pretty close to being twenty-one years of age at that time and so that record might not exist.

Mr. MILLER: I did not speak on the budget and there are two or three items I should like to bring up. I have not any particular objection to this exemption of $500 for people of sixty-five years and over, but I think it should apply to other classes of people such as have been referred to this evening. When the average man gets to be sixty-five years of age his family generally has reached the stage where they are no longer his responsibility, but the middle-aged man of forty or in the late forties usually has a family at a most expensive stage. It is practically his last chance to make provision for his old age. I feel that the exemptions allowed to them are not nearly adequate; in fact they are not adequate for people of any age. I take strong objection to the fact that the exemptions were not raised this year.

It is not hard for the minister to say that the government have to have the money. If you have to get money from Canadians who are struggling for the bare necessities of life and are getting no more than $2,000 a year, then Canada is not as great as I have always thought it was. There must be some other way. Tax collections have increased largely in the last twelve months. Wages have increased, but that means little because the cost of living has also gone up, and the increased wage hardly offsets the increased cost of living. Then, lo and behold, when next April comes around, or before that if you are working for wages, you have to pay increased income tax on your increased wages, which means that the little bit of extra money the wage earner got to help meet the increased cost of living went in income tax. This question of greater income tax exemptions cannot be dismissed lightly, because the income tax takes the cream off what men and women are earning, and they have no more chance, particularly those of middle age, of saving money for their old age than they have of flying to the moon. Apparently the only way in which a person can make money and keep it nowadays is to buy something on capital account, like a farm; one day you may wake up and find it is worth $10 an acre more than you paid for it, and that capital gain is not taxed by the Minister of Finance.

The minister in his budget speech made a plea for budgeting for a surplus for a rainy day. If it is sound policy for the country to budget for a surplus, which I am not prepared

to dispute tonight, it is equally sound policy for the minister to permit the ordinary common individual in this country to budget for a personal surplus. The minister says he dare not do that because, if he let the people have any money over and above what he takes from them, they would waste it, spend it in such a way as to put more pressure on scarce articles. I say to the minister, and he knows it just as well as I, there should be greater income tax exemptions for the people for whom I am pleading, because they are not the class of people who, if given increased exemption, will be buying goods in the luxury class, or scarce goods, or spending their money in such a way as to contribute to inflation. No, that type of person today is scraping night and day trying to get enough money, not to put pressure on scarce commodities, not to increase inflation, but to get enough to eat and wear for his wife and children and himself. If the minister answers that increased exemptions for this class must result in modifications for those in the higher income tax brackets, that is his worry. I maintain that the man who does not get more than $2,000 a year should not pay a nickel of income tax.

So far as those sixty-five years of age are concerned, I do not object particularly to the exemption that is being provided for them, but I say a substantial proportion of them are in no more need of additional exemption than the young people who are coming along with young families and are faced with high rentals and the high cost of living today. Many of these young people are worried to death to know how to make ends meet, and it is like tossing a wet rag in their face to suggest that if they get $2,000 income tax free they would waste it or contribute to inflation. It would mean an additional few dollars in their pockets to help them in the purchase of the necessities of life, food, clothing and shelter and, in spite of the determined stand which the minister has taken, I think he should consult with his colleagues and work out some system whereby men and women in this country, particularly those in the low-income brackets, will be granted an additional exemption. I know what I have said is not being said for the first time, but I have always taken this position, and no doubt the minister has heard it until he is sick.

Mr. ABBOTT: Year after year.

Mr. MILLER: But I believe it is of sufficient importance that, until the minister acts upon it, we should continue to drum it into his ears. So far as I am concerned, I owe it as a duty not only to myself as a member of the house but to the people I represent, and before whom I have time and again advocated the principle of increased income tax exemtpions, to bring this matter to the attention of the minister and the committee, because I believe it is an urgent necessity in the economic life of our country today, particularly in western Canada, which I know best. I am making this plea tonight with the minister, because I believe it is my duty to do so and to place my views on record.

The CHAIRMAN: Before we proceed, may I draw the attention of members to the fact that we are considering clause 1 of this resolution, which deals with an additional exemption of $500 to those who have attained the age of sixty-five years. This clause does not permit a general discussion of income tax or of exemptions generally. That was permissible in the budget debate, but I do not think it is permissible now.

Mrs. STRUM: I should like to give the minister some advice on how to draw his budget next year to give the greatest assistance to people of sixty-five years of age, whom I think he sincerely desires to help. I think the minister had in mind that when you are sixty-five, old age seldom comes alone, but people of that age are often ill and need surgery or special treatment for the ailments that come with advancing years. As the hon. member for Winnipeg North Centre so clearly illustrated in his table, the great majority of the people who are sixty-five years of age and over have no security, either for medical benefits or for earnings or for meeting living costs.

I would suggest to the minister that next year he make provision in his budget for universal health insurance for all the Canadian people, and then we shall know that these people do have health security. I would also urge that he bring in at sixty-five years of age universal superannuation, so that we shall put a floor under income as New Zealand has done, and that he use the ordinary tax structure which applies to everyone to recover excess income. We already do this with the family allowance. Regardless of the income of the members of this house, the family allowance is paid out to everyone and any excess income is recovered through the ordinary tax procedure. If we did that, we would know that the people who had the greatest need, those of sixty-five years of age, would be covered in their medical needs, in their food needs, and in their housing needs, that they had shoes and clothing, and that the ordinary decencies and comforts of life were

not beyond the reach of the pioneers who, in their earlier years, had helped to build up this great nation.

We know that the national income is up; we know that in terms of the value of the gross national product it is sometimes misleading, but when you look at it on a unit basis it is still pretty good. There is no one in this house who has not tremendous faith in Canada as a great and growing nation. If we use this other approach, and put a floor under income to take care of the medical needs of this group who need it far worse than the younger people, and see that we would not have poverty, privation and despair in the hearts of people sixty-five years of age and over, and then use the ordinary income tax mechanism to recover excess income, we would have gone a long way toward establishing a tax structure of which we could be proud.

Mr. FLEMING: One observation made by the hon. member for Winnipeg North Centre deserves some comment. In his attack on this budget proposal, he did not content himself simply with his argument that it was unfair to apply this to persons of the age of sixty-five years and over. He went on to attack the idea of the increase in exemption, because the people who were going to draw most benefit from such an increase in exemption would be those who had more income than those just over the present exemption.

In attacking the proposal on that basis, he has attacked the whole idea of increases in exemption at their very foundation.

Mr. KNOWLES: Not at all; I asked for it for all ages—right across the board.

Mr. FLEMING: The whole point of the table put on the record by the hon. member for Winnipeg North Centre was that the people who had a somewhat higher income derived very much more benefit from the increase in exemption than those who had just a very little over the amount of exemption. That argument, if it is sound, applies to every increase in exemption, regardless of amount, regardless of the nature of it, and regardless of the people who receive it. What the hon. member has just succeeded in doing is levelling an attack, as far as his conception of logic would carry him, against the very idea espoused by his party in its amendment to the main budget resolution. You will recall, Mr. Chairman, that in the amendment introduced by the hon. member for Rosetown-Biggar on May 21, which will be found at page 4255 of *Hansard,* the budget was attacked, and properly attacked, on this among other bases, first, that the minister had failed to increase the amount of exemption for income tax purposes from the present level to $1,250 for single persons and $2,500 for married persons.

An hon. MEMBER: Did you vote for it?

Mr. FLEMING: I certainly said that I advocated increased exemptions.

Mr. KNOWLES: I voted for it; you voted against it.

Mr. FLEMING: The hon. member says that he voted for it; but tonight he has made a direct attack on the idea of increased exemptions which certain members of this house have proposed for a long time.

It is too much to expect consistency from hon. members of the C.C.F. party. Perhaps it is too much to expect them to see the same problem on June 1 in the same light as that in which they appeared to see it on May 21. The fact remains that if there is soundness in the argument that the exemption should be increased—I for one say there is—then undoubtedly an increase in exemption will have the very effect that the hon. member for Winnipeg North Centre deplored in his remarks tonight.

My quarrel with the present resolution is not on that basis at all. I say certainly the exemption should be increased for those who will be benefited by the increase here proposed. My quarrel with the proposal is that it does not go far enough and include others. It would be a vastly improved budget proposal if the minister would change the word "sixty-five" in the last line to "fifteen." If he did that he would greatly help those who badly need assistance in the way of increased exemption at the present time, the people referred to by my colleague, the hon. member for Portage la Prairie, the married people, the people with families, the people on whom the brunt of the cost of living is being cast so heavily at the present time. They badly need increased exemptions.

In his resolution the minister has not done anything wrong. The only trouble is that he has stopped so far short of a desirable objective. There can be no quarrel with this resolution as far as it goes. The quarrel that the committee would like to have with it, if it were free to speak its mind in all quarters, is that it does not go nearly far enough.

Mr. HERRIDGE: In order to abide by your ruling, Mr. Chairman, I want to suggest a method by which the minister might avoid in future giving a special exemption to people over sixty-five; that would be by giving a satisfactory exemption to people in the lower income groups at a lower age now. I support

the proposals put forward by other hon. members in that respect. I am not one to rise in my place and demand social services, and things of that type, and at the same time suggest that we can get those services without paying for them. I know we have to be taxed, and that we have to pay for social services in this country. But I suggest that we have to put our taxation on a more equitable basis if it is to be fair at this time to all concerned.

Just briefly, Mr. Chairman, take business in this country at this time. Its profits were never higher. Professional men in this country are doing very well, but most of the working people are just making a living. When it comes to business, it is allowed to charge costs and depreciation. Anybody who knows anything about manufacturing establishments knows there is a great amount of capital investment put into business. That is charged up to maintenance and costs. Professional men have their costs and certain allowances. The principle we work upon is that business is allowed its costs before its profits are shown; and then depreciation and all that goes with it; but when it comes to the human machine, we do not even allow the worker enough exemption to pay for the costs of running the human machine or reproducing the human machine. I suggest that our system of taxation would be much more equitable, particularly at this time, if the government commenced to raise the exemptions so that at least the working people of this country would get an exemption large enough to pay for the cost of running the human machine and maintaining it properly.

Mr. JOHNSTON: I do not want to keep the committee long on this matter, but I do want to say a word about it. I want it to be clearly understood that I am not objecting to the resolution as it stands in so far as it relates to the age limit of sixty-five years and allowing those in that particular class to have a further $500 tax exemption, but I cannot quite see the logic of the minister's remarks. It seems to me that a married man who is earning a maximum of only $1,500 and who has a family to keep, young children to send to school, to clothe, to feed and to shelter, is just as deserving of an increase in his tax exemption as a person sixty-five years of age or over. I would think it would be much more commendable if the minister had seen fit, provided that he did not have the revenue, to continue the tax on horse-racing and betting, in other words, gambling, or night-club entertainment. I think it would have been much more preferable to retain the gambling tax and the night-club tax. If he had done that, perhaps he would have had sufficient revenue to increase the exemption, not only of those of sixty-five years but also of all people, raising the tax exemption to $2,000. I think the minister's conscience must bother him a little bit in that regard. I would suggest to him that he sleep on this tonight, and if he can come back here tomorrow and tell us that he has not had any bad dreams I will support him, but I am sure he will not be able to do that. If he sleeps on this tonight I think he will soften up a little bit and give an increased tax exemption to all married people up to $2,000, and to single people as well.

Mr. KNOWLES: Mr. Chairman, I think the strongest argument for the picayunish nature of this concession was given by the minister himself when he indicated in reply to my question that it would benefit to a greater or lesser extent only some 80,000 to 100,000 persons. As has already been pointed out, there are 800,000 or 900,000, perhaps 1,000,000 Canadians sixty-five years of age and over. In other words, this benefit will go to only one in ten Canadians of sixty-five years of age and over, and it goes to the one in the ten needing it the least, not to the nine who need it, as has already been made clear from the table I have given to the committee.

The second thing I wish to say is this. I do not think the minister took as seriously as he might the question asked by my deskmate, the hon. member for Mackenzie with reference to proof of age; or perhaps I should say I hope that, after he has had some experience in this and has found that one can be sensible and reasonable about it, he will pass on the benefit of his experience to his colleague, the Minister of National Health and Welfare.

There are under this provision people who will benefit this year to the extent of $100 and $250 in some cases, and $250 is more than the old age pension was when it was first put on the statute books; yet, in order to get that original pension of $240, or the present $360, the applicant has to give definite proof of age.

Mr. ABBOTT: Why does my hon. friend not raise this question on the estimates of the Department of National Health and Welfare?

Mr. KNOWLES: Because I am talking about the minister's treatment of the question asked by my colleague. The minister seemed to think there was nothing in it. I submit that if such stringent regulations are made for those who secure a benefit of $240 or $360 in another department, so far as proof of age is concerned, then the minister should either make the regulations the same as his col-

league's or get his colleague to follow suit to him.

The other thing I want to do is to make a brief comment on the interesting remarks made by the hon. member for Eglinton. Apparently the hon. gentleman let the cat out of the bag as to why he and his hon. friends argue so much for increased tax exemptions. Apparently they are aware all the time that if you simply raise the exemption level, without making any other change, the greatest benefit goes to those in the upper brackets. Apparently that is what they wanted all the time. My hon. friend the member for Eglinton did not vote for it when he had a chance a few days ago.

Mr. HARKNESS: It was covered with a lot of socialistic nonsense.

Mr. KNOWLES: That same socialism seems to have fared pretty well in Yale yesterday.

Mr. JACKMAN: We have heard that several times.

Mr. KNOWLES: The hon. member for Eglinton tried to make out that there was something inconsistent between my voting for our amendment which asked for an increase in the exemption level, something inconsistent between my supporting my leader in that request, and the table I put on the record tonight. Apparently he did not listen to the speech made by my leader, or he has not read it, because on page 4252 of *Hansard* my leader made it clear that, along with raising the exemption levels, he felt and we felt that the rates of taxation on corporations, and on personal incomes at the higher levels, should be retained at their present figures. The hon. member for Rosetown-Biggar made it clear—

Mr. FLEMING: He said he would keep the present rates.

Mr. KNOWLES: He would maintain the present rates in the various upper brackets so as to make it possible—that is the only way in which it can be done—

Mr. FLEMING: You cannot have it both ways.

Mr. KNOWLES: That is the answer to my hon. friend. You cannot use the money that he would use to save income taxes in the upper brackets and use the same money for the benefits he advocates for those in the lower brackets. My leader made it clear that, in order to provide exemption in the lower brackets, which we were asking for, it would be necessary to retain the rates in the upper levels, bracket by bracket, and that is the point the present Minister of Finance and other ministers of finance have made from time to time, that you have to consider the effect of raising the exemption level on the upper brackets, as well as on those you take out of taxation altogether. My leader made it clear that we want the rates retained in the upper levels, to make it possible to give a worthwhile benefit to those in the lower levels. Perhaps that is why my hon. friends did not see fit to support our amendment.

Mr. FAIR: Many of us did not take advantage of the main budget debate to say some of the things we wanted to say; and lest anybody, particularly the Minister of Finance and the Minister of National Revenue, should feel that I am satisfied with the income tax exemption, I wish to make it plain that I am not satisfied. I am satisfied of course, to some extent, with the increase for those over sixty-five years of age. But, like the hon. member for Bow River, I feel that the exemption should be increased materially. By that method we shall increase the production of the country to a great extent and reap benefits that will far exceed those which are being reaped today under the excessive income tax levels and under present exemptions. I see that you wish to call it eleven o'clock, Mr. Chairman. When this discussion comes up again I shall have more to say.

Mr. ABBOTT: Perhaps we can pass this section.

The CHAIRMAN: Shall resolution 1 carry?

Resolution agreed to.

The CHAIRMAN: Shall clause 2 carry?

Mr. ADAMSON: I have remarks to make on this general clause.

The CHAIRMAN: Clause 2 stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): Tomorrow we shall continue the consideration of the budget resolutions, and take up the second reading of Bill No. 228, to amend the Excise Act, Bill No. 229, to amend the Customs Act, second reading of Bill No. 327, to amend the Canada Evidence Act, and second reading of Bill No. 329, to amend the Judges Act. If we conclude these items we shall go into supply, agriculture.

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

HOUSE OF COMMONS

Wednesday, June 2, 1948

The house met at three o'clock.

BANKING AND COMMERCE

Fifth and sixth reports of the standing committee on banking and commerce.—Mr. Rinfret.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

PERMITS FOR EXPORT OF BARLEY

Mr. WINKLER:

1. By years since 1940, how much barley was exported to the United States, and for what portion were export permits granted?

2. By years (or months or any convenient period therein) how much per bushel was charged for these permits?

Mr. McILRAITH:

1. Exports of barley to the United States:

Calendar Year	Bushels
1941	2,608,273
1942	7,390,389
1943	44,631,379
1944	40,695,503
1945	17,812,456
1946	5,258,640
1947	120,074
January to April, 1948	194,923

On August 25, 1941, barley came under export control and a permit was required for all exports.

2. A fee of $2 was charged for all export permits, regardless of commodity, until May, 1946, when the practice was discontinued and permits were granted free. An equalization fee, however, was placed on barley in 1943, and the following table indicates the amount of equalization payment which was recovered on exports of barley.

1943	Bushels	Value
April 1 to July 31	27,793,942	$ 456,642 83
Crop Year		
1943-44	27,032,536	11,466,120 47
1944-45	38,576,627	17,617,559 78
1945-46	525,864	240,929 85
1946-47	3,808,872	2,958,122 35
August 1, 1947, to May 26, 1948	552,357	377,348 21

TECHNICAL AGRICULTURISTS

Mr. RAYMOND (Beauharnois-Laprairie):

1. How many agronomists or agrologists or technical agriculturists are in the employ of the Department of Agriculture of Canada, in each province?

2. What is the total amount of salaries paid to such employees, in each province?

Mr. GARDINER:

	1.	2.
Prince Edward Island	19	$ 62,040
Nova Scotia	46	146,460
New Brunswick	50	158,760
Quebec	138	437,460
Ontario	280	878,780
Headquarters (Ottawa-Hull)	299	1,119,140
Manitoba	121	393,660
Saskatchewan	131	421,880
Alberta	132	426,240
British Columbia	134	421,680
Northwest Territories	1	3,720
Total	1,351	$4,469,820 (annual salary)

*UNSURVEYED MINERAL CLAIMS IN YUKON TERRITORY

Mr. BLACK (Yukon):

What are the names of the companies and individuals who the Acting Minister of Mines and Resources states have already made substantial investments in mining in the Yukon and are interested in its development in the future and who are unable to ascertain the limits of the properties that can be secured either by purchase or staking referred to in the notices sent to the owners of unsurveyed mineral claims in Yukon by the mining recorders of Yukon on instructions of the Minister of Mines and Resources?

Mr. MacKINNON: Mr. Speaker, may I answer this question orally? It is not customary, nor, except under most unusual circumstances, is it appropriate, to make public reference by name to persons who communicate with departmental officials on matters of private concern. To violate this procedure might result in the disclosure of the personal and business interests of individuals or companies in a way that would be unnecessarily detrimental without serving any valid public purpose. In the present instance it is felt that the publication of the names of the persons and companies involved would not result in

any public benefit, but would be an unwarranted disclosure of documents which it would not be appropriate, nor in accord with official policy, to publish.

The question of substance involved in this matter has been fully answered in earlier replies to questions asked by the hon. member for Yukon.

Mr. BLACK (Yukon): Perhaps I might speak, on a question of privilege. The minister says that to answer the question would not be in the public interest. It would be more appropriate to say that it would not be in the interests of some private institutions, and the minister knows it.

UNITED STATES BASES ON BRITISH TERRITORY

Mr. CHURCH:

1. Have there been any negotiations with the governments of Britain or the United States, with reference to the bases which the latter country was granted for a 99 years lease by Britain during the battle of the Atlantic, with a view to having this lease cancelled and charged to lease-lend, as is proposed?

2. What action is being taken in the matter, or are any conferences being held in relation to the same?

Mr. ST. LAURENT:

1. The Canadian government has not taken part in any negotiations on this subject and is not aware of any negotiations.

2. The Canadian government is not taking any action in this matter and is not aware that any conferences are being held in relation to it.

INDIANS—TUBERCULOSIS

Mr. McIVOR:

1. What is the number of Indians under treatment for tuberculosis in each province?

2. How does this compare with the number under treatment ten years ago?

3. Is the present level of treatment considered adequate?

Mr. MARTIN:

1. As at December 31, 1947:

Yukon	15
Northwest Territories	76
British Columbia	441
Alberta	269
Saskatchewan	97
Manitoba	298
Ontario	243
Quebec	74
New Brunswick	5
Nova Scotia	22
Prince Edward Island	4
	1,544

[Mr. MacKinnon.]

2. In 1938 there were less than 200 Indians under treatment for tuberculosis.

3. No. There are approximately 900 deaths per annum from tuberculosis among Indians. It is considered by competent authorities that for a fully adequate program there should be three patients under treatment for each death per annum; in other words that an efficient survey program would find about 2,700 cases requiring treatment.

HOUSING—NATIONAL DEFENCE—DUNDURN AND CHURCHILL

Mr. KNIGHT:

1. How many houses under the national defence housing program (a) have been completed; (b) are now under construction; (c) are not yet commenced but are planned for 1948 (i) at Dundurn, Saskatchewan; (ii) at Churchill, Manitoba?

2. Of these houses at these points how many have been built, or are to be built (a) directly by national defence forces; (b) under contract?

Mr. CLAXTON:

1. (a) (i) None.
(ii) None.
(b) (i) 4 Permanent married quarters.
(ii) 12 Permanent married quarters.
(c) (i) None.
(ii) 32 Permanent married quarters.

2. (a) 48 by civilian and military day labour under military supervision.

In the case of Churchill, electrical installations inside and outside, plumbing and heating, asphalt tile flooring, siding (asphalt shingles), roofing, and all outside utilities, (water etc.), will be carried out by contract arranged through the Canadian Commercial Corporation, Ottawa.

(b) Nil.

RADIO BROADCASTING—TELEVISION

Mr. ISNOR:

If and when television is established and operated in Canada, will it come under the supervision of the Canadian Broadcasting Corporation or the national film board?

Mr. WINTERS: The Canadian Broadcasting Corporation, under the Canadian Broadcasting Act, 1936.

USE OF FLUORINE IN DRINKING WATER

Mr. WARREN:

Is anything being done in Canada to discover whether the addition of fluorine to public drinking water supplies will reduce tooth decay?

Mr. MARTIN: The dental health division of the Department of National Health and Welfare is co-operating with the city of

Brantford and with the national research council to discover the effects of adding fluorine to the water supply at that city. A survey team is now at work. The teeth of the children of Brantford will be compared with those of two other Canadian cities (Sarnia and Stratford). This will require dental examination of about 5,000 children during 1948. It is expected that the examination will be repeated every two years for eight years.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GOVERNMENT ANNUITIES

Mr. KNOWLES:

1. What was the total number of individual contracts (not including certificates to persons in group plans) issued by the government annuities branch from April 1 to April 19, 1947? How many were issued from April 19 to April 30, 1947? How many were issued during May, 1947?

2. What was the number of certificates to individuals in group plans issued by the government annuities branch from April 1 to April 19, 1947? How many were issued from April 19 to April 30, 1947? How many were issued during May, 1947?

3. What was the total number of individual annuity contracts (not including certificates held by persons in group plans) held as at the latest date for which (a) provisional, and (b) final figures are available?

4. What was the total number of persons holding certificates in government annuity group plans as at the latest date for which (a) provisional, and (b) final figures are available?

5. What was the total number of new annuity group plans put into effect from April 1 to April 19, 1947, also from April 19 to April 30, 1947, and also during May, 1947, for (a) governmental bodies, and (b) non-governmental bodies?

6. What was the total number of government annuity group plans (a) governmental bodies, and (b) non-governmental bodies, in effect as at the latest date for which (a) provisional, and (b) final figures are available?

CANADIAN EMBASSIES AND OTHER AGENCIES

Mr. CHURCH:

What embassies or consulates or immigration or trade and commerce agencies, have been created by Canada and in what countries (a) in 1947; (b) in 1948, and has a vote for the same been sanctioned by parliament?

MOTION FOR PAPERS

RAPESEED AND RAPESEED OIL

Mr. WRIGHT:

For a copy of all telegrams, letters or memoranda exchanged and agreements or contracts entered into between the government, any department or agency of the government and Prairie Vegetable Oils Limited of Moose Jaw, Saskatchewan, or any official thereof with respect to the processing, extraction, storage or sale of rapeseed and rapeseed oil.

IMMIGRATION

AMOUNT OF CASH ALLOWED TO PERSONS ENTERING CANADA FROM BRITAIN

On the orders of the day:

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources): A few days ago the hon. member for Broadview (Mr. Church) asked the following question:

Would the Acting Minister of Mines and Resources make a statement today or early next week with respect to aid granted to immigration to Canada by allowing those coming from Britain to secure more cash, and what action if any is being or has been taken in the matter?

The Canadian government through the office of the High Commissioner for Canada in London, has been in consultation with the government of the United Kingdom in connection with this matter. We would be glad to see the present heavy restrictions on export of currency outside of the sterling area lifted in favour of immigrants coming to establish themselves permanently in Canada. However, we understand the difficulties with which the United Kingdom is faced and for the time being the restrictions announced by the chancellor of the exchequer are still in force. Immigrants from the United Kingdom are allowed £1,000 payable in four equal annual instalments. This, of course, is a matter in which the government of the United Kingdom and not the government of Canada has the final responsibility.

[*Later*:]

Mr. DOUGLAS G. ROSS (St. Paul's): I should like to ask a supplementary question arising out of the statement just made by the Acting Minister of Mines and Resources. I notice from the newspapers that some arrangements have been made in connection with the interest-free loan of $700 million which was made to Great Britain. Could the minister comment on that? Probably some arrangements are being made in order to give immigrants from Great Britain cash when they get here.

Mr. MacKINNON: I am not in position to make any comment on the situation, nor do I think it would be proper for me to attempt to do so.

Mr. ROSS (St. Paul's): Perhaps the Minister of Finance could let us know.

Hon. DOUGLAS ABBOTT (Minister of Finance): I am afraid I was not following my

hon. friend very closely, because I understood he was addressing his question to my colleague.

Mr. ROSS (St. Paul's): I will ask the question again. I understand that some arrangements have been made in connection with immigration into Canada and the starting of new businesses under the interest-free loan of $700 million which was made some time ago. I should like to know what arrangements have been made.

Mr. ABBOTT: I know nothing of any such arrangement. Of course that would be a matter entirely within the competence of the British treasury and not under our jurisdiction.

Mr. ROSS (St. Paul's): I understand from the press that that is so. I understand that we would not insist on any further repayment of that interest-free loan in the meantime.

Mr. ABBOTT: The report is completely without foundation.

Mr. ROSS (St. Paul's): It is in the papers.

WELLAND SHIP CANAL

QUESTION AS TO TRAFFIC REGULATIONS AFFECTING TOURISTS

On the orders of the day:

Mr. N. J. M. LOCKHART (Lincoln): Mr. Speaker, I should like to address a question to the Minister of Transport (Mr. Chevrier) which arises out of numerous protests that have been received from my own part of the country. I notice the minister is not in the house. I sent him notice of my question with regard to this important matter, and I was hoping that I might get some information at once. My question is this: When will the traffic regulations be lifted in connection with tourists visiting the Welland ship canal? Grave complaints are being made in this regard.

(Translation):

COMMUNISM

COMMUNIST SUPPORT FOR LIBERALS IN THE QUEBEC PROVINCIAL ELECTION

On the orders of the day:

Mr. W. ROSS THATCHER (Moose Jaw): Mr. Speaker, I wish to ask a question of the Postmaster General (Mr. Bertrand). Would the minister tell me whether his attention has been drawn to a report which appeared this morning in the Montreal *Gazette,* to the effect that communists intend to support the Liberals in the coming Quebec election? Will the Liberal party accept such support?

Mr. SPEAKER: Order.

[Mr. Abbott.]

Hon. ERNEST BERTRAND (Postmaster General): Mr. Speaker, I thank the hon. member for having asked his question in my mother tongue. The Liberal party accepts no responsibility as regards communists.

Mr. THATCHER: Neither does the C.C.F. party.

Mr. BERTRAND: The Liberal party is only too happy to know with whom those people mix at the present time.

(Text):

PUBLIC BUILDINGS

REFERENCE TO PROPOSED CONSTRUCTION IN CHARLOTTETOWN

Mr. W. CHESTER S. McLURE (Queens): On Thursday last I directed a question to the Minister of Public Works, to be found on page 4445 of *Hansard.* I should like to know whether he can give me an answer today.

Hon. ALPHONSE FOURNIER (Minister of Public Works): I looked up the question, which concerns the choosing of a site for a public building at Charlottetown. The answer is that a decision has not yet been made. A second question was as to when the work would start. I cannot say that now.

WAYS AND MEANS

The house in committee of ways and means, Mr. Macdonald (Brantford City) in the chair.

INCOME WAR TAX ACT

2. That, for the 1948 taxation year, interest be allowed at the rate of 2 per cent per annum on overpayments of tax to the extent of $5,000 and ½ per cent per annum on overpayments in excess of $5,000 (no interest less than $1 to be payable); and that the rates payable on overdue taxes be increased from 4 per cent and 7 per cent to 6 per cent and 8 per cent, respectively.

Mr. FLEMING: The first part of this resolution has to do with the rate of interest to be allowed on over-payments, while the second part has to do with the increase in the interest rate payable to the government on overdue taxes. Until several years ago this rate was eight per cent, but it was reduced at that time; it is now proposed to eliminate that reduction and to go back to the higher rates of interest that previously prevailed.

If the overdue taxes were attributable in all cases to default on the part of the taxpayers I do not suppose any of us would waste any great amount of sympathy on the taxpayer in arrears. But the difficulty in so many of these cases is that the overdue tax is attributable directly to the fact that that taxpayer does not know that he has not paid the full tax because he has not received his assessment.

I drew the attention of the house, in speaking to this matter on May 24, to the fact that a return brought down to the house by the Minister of National Revenue two or three months ago showed that the number of income tax returns on which assessments had not been made as of December 31, 1947, was 2,336,879, and to give the house some idea of the length of time that some of these returns had been awaiting assessment I gave this further information. For 1913 and prior years —that is to say, some of these returns have been awaiting assessment for at least four years and some of them longer—the total number awaiting assessment was in round figures 44,000. For the year 1944, the number of returns awaiting assessment was 110,000; for 1945, 265,000 and for 1946, 1,905,000.

What happens in altogether too many of these cases is this. The taxpayer makes his return. He thinks he has made a complete return and that his tax has been paid in full. But through some departmental ruling or some difficult question of interpretation of which he was entirely innocent at the time of making his return an assessment goes out three or four years after he has made his return showing that a substantial additional tax is payable by him, and interest is imposed, not from the date of the assessment but from the date on which the tax was originally payable. If the minister would make this increased rate operative only from the date of assessment, I do not think anyone would take serious objection to it, but these heavy rates of interest are most unfair when the taxpayer has waited a long time for his return to be assessed. If we ever get to the point, as I hope we shall, where the accumulation of returns to be assessed is caught up with by those engaged in their assessment and there are no long periods of waiting, this question may not be so important; but when there is a large accumulation of returns to be assessed this is not the time to increase imposts on the tax payer by collecting additional interest charges.

Hon. DOUGLAS ABBOTT (Minister of Finance): My hon. friend's presentation, of course, has a superficial air of complete equity and reasonableness, but if the return has not been assessed, no interest penalty runs beyond twenty months after the date of filing the return. We have found by experience that a great many taxpayers are deliberately underpaying their tax. They compute their tax correctly but do not make full payment of the tax at the time they file their income tax return. They know they can borrow money from the government at four per cent, and they know that, because of staff difficulties, and so forth, it may not be possible to assess their return for a year or eighteen months, and they figure it is a pretty cheap way to borrow money—at rates much less than those at which they could borrow money at any commercial bank. The interest charge of six per cent is frankly in the nature of a penalty; it is intended to induce the taxpayer to pay the full amount of his tax promptly. There may be cases, of course, in which the taxpayer honestly underestimates the amount of tax due, but after all, he has the use of the money for twenty months, so this six per cent interest charge is not too excessive a rate. A great many people cannot borrow from their own bank at much less than six per cent. I do not think there will be any serious hardship in charging six per cent for twenty months. The penalty rate only applies thirty days after the date of the mailing of the assessment. We know from experience, unfortunately, that there is a great deal of underpayment of tax presumably because it is a cheap way to borrow money from the government.

Mr. CHURCH: No public utility charges a rate like this.

Mr. FLEMING: No one has sympathy with the taxpayer who deliberately underpays his tax. I suppose it is impossible for the departmental officials to make inquiry as to the particular state of innocency of the taxpayer at the time of making his return. But surely twenty months at six per cent is too high. Will the minister, if he is going to press for this increased rate, not consider reducing the period of twenty months, which I regard as too long? If we are to accept as a government responsibility the duty of assessing all returns, I submit to the committee that twenty months is too long a period on which to charge this high rate of interest.

Mr. ABBOTT: I will give consideration to that. I have inquired of the chief assessor, and he tells me that the number of cases of innocent under-estimation of tax is very limited.

Mr. CHURCH: In the first place the budget was brought down very late in 1948. Secondly, many industrial workers have had their tax deducted from their pay envelopes. I do suggest that in view of the high cost of living, high rents and everything else, this rate is very high, and if a person has not the money to pay the penalty, a heavy debt is placed upon him.

Mr. ABBOTT: This proposed amendment relates only to the 1948 tax liability for which the individual returns will be made on April 30 of next year.

Mr. HAZEN: I am inclined to question the statement that the number of persons who innocently underpay their tax is limited. From my own personal experience, every year when I prepare my form and file my income tax I find I am unable to estimate it correctly, and it is not a very complicated form. To get the thing straightened out I always have to go down to the Department of National Revenue, see one of the officials in the city in which I live, and have him check it over. In most cases I find that my figures are wrong; that I have made a wrong assessment, probably an under-assessment, although it may be an over-assessment. Certainly it is not a correct assessment. Although the average Canadian does not not like to pay taxes, he does not want to get out of paying it, and he is prepared to pay it if he knows what the correct amount is. When he files his return he can make out a cheque and pay the tax. It is not right that he should have to wait sometimes four years, as has been pointed out here. As of December 31, 1947, some 2,336,000 people had not been assessed. The explanation of the minister is not good enough, and I am going to move, seconded by the hon. member for Kamloops (Mr. Fulton) that the resolution be amended by deleting therefrom all the words after: "no interest less than $1 to be payable." That would leave the interest rates as they were.

Mr. ABBOTT: I understand my hon. friend's amendment. He is suggesting that we allow the provision to remain in the Income War Tax Act under which anyone who chooses to do so may not pay his tax, and thus permit people to borrow money from the government at four per cent per annum until such time as the income tax department are able to assess his return. That is the effect of the amendment. I am leaving aside the question whether the amendment is in order or not. I will discuss that in a minute.

The effect of the amendment is this. What the hon. member is saying is that anybody in this country can file his income tax return, pay five per cent of the tax and pay only four per cent interest on that return until the assessors are able to reach it. I do not think that is in the public interest. I do not think a four per cent rate on unpaid taxes is sufficient. Perhaps the six per cent rate is somewhat higher than the commercial rate, but I do not think it is an excessive rate. I think it is a rate which should be put in the act in order to constitute a real deterrent to the sort of thing that is mentioned. It is perfectly true, as my hon. friend has said, that it is difficult for people accurately to estimate the tax, particularly if they have a complicated type of income, including a lot of dividends and income from other sources, and so on. I readily concede that it is difficult, particularly as applied to types of income where one is allowed to take certain deductions for depletion and so forth. But the information I get from departmental officials is that the amount of under-estimating is far greater than can be accounted for by innocent under-estimating. The cases of genuine under-estimating are of relatively small amounts, and the amount of interest which is involved is not a significant factor. By this amendment we are trying to get at the taxpayer who deliberately refrains from paying the full amount of the tax which he knows is due, realizing—

Mr. SKEY: Perhaps he cannot pay.

Mr. ABBOTT: Whether he can pay or not—realizing that it will be physically impossible for the income tax department to catch up to him for a year or eighteen months. That is the sort of practice that I do not think should be encouraged, and that is why we are putting the six per cent rate in here instead of four per cent.

Mr. HACKETT: Should the minister not provide for the case that he has referred to? I agree that a person who has intentionally withheld amounts from the department might be treated as a person who is attempting to escape his duty; but the minister has not told us what proportion of the taxpayers fall into this group. I ask him to remember that the taxes are extremely high at the present time, and even if a person were to leave a balance owing, the penalty of six per cent is a very heavy one, because the current borrowing rate from the banks today, with reasonable security, is three per cent.

Mr. ABBOTT: Oh, no.

Mr. HACKETT: Oh, yes.

Mr. ABBOTT: Oh, no; I am a borrower, and I know.

Mr. HACKETT: I will tell the minister that with a security—

Mr. ABBOTT: Of victory bonds.

Mr. HACKETT:—of victory bonds—

Mr. ISNOR: Three and a half per cent.

Mr. HACKETT; No; you can borrow at three per cent, and a great many persons, especially those who owe any considerable sum of money to the government, have victory bonds upon which they—

Mr. ABBOTT: Then they should go and borrow at the bank and pay their taxes.

Mr. HACKETT: Yes; that is the assumption the minister is making, and I challenge it. He is imposing a hardship upon the total body of taxpayers because there is an occasional one who is unfair.

Mr. ABBOTT: Let me assure my hon. friend that it is not an occasional one.

Mr. KNOWLES: Can the minister give us some figures to prove it?

Mr. HACKETT: I cannot, of course, peer into the minister's record, but he has not given the committee any information which entitles it to believe that the mass of taxpayers are tax dodgers, and nothing else would justify—

Mr. ABBOTT: It is not tax dodging. It is a thing which the statute allows.

Mr. HACKETT: If it is not tax dodging, then surely the individual should not be penalized because the minister has—

Mr. ABBOTT: We are giving him too favourable terms; that is the point.

Mr. HACKETT: The minister is imposing punitive measures upon persons who innocently and honestly make a mistake. Unless he can state that a very large number of taxpayers are dishonest, there is no warrant for this punitive measure.

Mr. ABBOTT: I am not suggesting that the great majority of people are dishonest taxpayers or dishonest people. What I am saying is that the law, as it now stands, permits any income taxpayer in this country legally to get an unsecured loan from the government at the rate of four per cent a year. I say that is not proper; it is not in the interests of the taxpayers who pay their taxes promptly. I say that it should not be open to any taxpayer who wishes to do so, because he has not the money on hand at the moment, or because he wants to buy a new motorcar, to file his return showing he has a tax liability of $2,000, $3,000 or $4,000, send in $1,000 on account and say: "Well, they will not be able to assess my return for a year or a couple of years, and in the meantime it will cost me only four per cent interest." I say that is not good business; it is not fair or in the interests of the majority of the taxpayers.

Mr. FULTON: Mr. Chairman—

Mr. ABBOTT: You will all have your chance in a moment. That is my submission. I say that there should be an element of penalty in the interest rate on overdue taxes.

Mr. HACKETT: Make it after notice.

Mr. ABBOTT: I think a good case could be made for the old rate of eight per cent.

Mr. HACKETT: That was when the current rate was six per cent.

Mr. ABBOTT: That existed up to two or three years ago. What we are suggesting here is a rate of six per cent, which is somewhat higher than a commercial borrower, with good security, can get from the bank.

Mr. HACKETT: It is double.

Mr. ABBOTT: It is not double, if my hon. friend will forgive me. If anyone wants to borrow from the bank, under section 88 of the Bank Act, he pays 4½ to 5 per cent. I know what I am talking about.

Mr. HACKETT: Not if he goes in with victory bonds.

Mr. ABBOTT: Yes, they are virtually cash, or life insurance policies with a cash surrender value equal to the amount of the loan. In that case he can borrow at four per cent. But that is not the type of taxpayer who should be underpaying his tax and borrowing from the government at four per cent because it happens to be convenient for him to do so. I am putting before the committee the exact purpose of the amendment, and I say without fear of contradiction that it is a perfectly sound and equitable proposal. The law is clear. People should estimate their taxes as closely as they can, and most do. Most of them do not much underestimate their taxes. A good many do not pay in full at the time they file their return, and the law does not force them to do so, except that for underpayment there is a penalty of four per cent until assessment. That is not an adequate penalty, and the purpose of the amendment is to meet that point.

Mr. HACKETT: Why not, when the government pays only three per cent on money it borrows?

Mr. ABBOTT: Because government security is the best in the world, whereas the security in respect of underpaid taxes is slim.

Mr. HACKETT: Let me put this to the minister. Why does he not remove the mote from his own eye? If there is—

Mr. ABBOTT: Which mote is that? I have so many.

Mr. HACKETT: If there is delay in the payment it is because of deficiency in the department—I do not say his department, but the department that collects the tax—

Mr. ABBOTT: There is a fallacy in that.

Mr. HACKETT: —because of the volume of work in that department. The taxpayer therefore is left for many months, sometimes for many years, through no fault of his own, without knowledge of the correct amount of his tax, and in fact without the ability to overcome the delay. He should not be treated as a criminal.

Mr. ABBOTT: He is not treated as a criminal; moreover, he is left with the use of his money.

Mr. HACKETT: Yes, at four per cent. Is it not possible, without going into a great deal of additional expense or vastly increasing the personnel of the department which has to do the collecting of the income tax, to send out a notice advising the individual that he has paid less than he owes and putting him on investigation? Then he can go, if he must, to an accountant. He has some means of protecting himself against the penalty imposed upon him without his being aware of it.

Mr. ABBOTT: My hon. friend's suggestion is not a bad one, but one must assess the return before one knows there is an underpayment. The gravest abuse is not on the part of those who substantially underestimate the amount of tax but on the part of those who underpay the amount of the tax they estimate when they send in a return. They send in a return showing that they owe x dollars, and they pay only ten per cent, and they say: "I will wait for a while, and when I am assessed I will pay it". In the meantime it costs only four per cent interest, and that, I have suggested to the committee, holds out too great an inducement to take advantage of an easy form of borrowing at a rate of interest which compares favourably with highly secured loans in any commercial institution. That is why the rate should be six per cent. There is no question of anyone being a crook or doing anything that is improper. That is what the law says they have to pay, and delay in assessment is provided against. Everyone knows that with 2,000,000 taxpayers, and with the difficulties under which the staff has to work, it is not possible to assess returns within less than six months, and in some cases considerably longer, depending upon the complexity of the return. Actually, I am told, they are on the average only about two years behind. In the case of small income-tax payers, where for the most part salaries and wages are involved, notices of assessment are out within three, four, five or six months, and that is being gradually cut down as increased staff is taken on in the Department of National Revenue. The situation is, that because of the physical limitations involved in the assessment of returns, it is not possible to assess them all within a month or two after they are filed. There is a limitation of twenty months in respect of liability for interest. If the department cannot assess the return within twenty months, interest stops then, so that the maximum penalty is six per cent for a period of twenty months on the underpayment of taxes, when the return has not been assessed. If hon. members will think it over they will, I believe, come to the conclusion that the penalty is not an unreasonable one to put upon the underpayment of taxes.

Mr. SKEY: This change in the Income Tax Act arises, I believe, from the lack of consideration, on the part of the government, of the human factors that should be kept in mind. People today are caught between rising prices and heavy taxes. In my opinion they are greatly overtaxed, especially in the income tax field. We know that the machinery for the collection of taxes is not as efficient as it might be, and this change which the government has proposed is merely a whip to make people pay. I suggest that the committee should vote for the amendment moved by the hon. member for St. John-Albert.

Mr. ABBOTT: I indicated earlier that my hon. friend's amendment is entirely out of order, because he is asking for a change in what is in effect a rate of tax. I am prepared to discuss the question, but I make that point now.

Mr. KNOWLES: Mr. Chairman—

The CHAIRMAN: Before the hon. member speaks, I may say that I have been considering this amendment and I am under the same impression as the minister. Does the hon. member for Winnipeg North Centre wish to discuss the regularity or irregularity of the amendment?

Mr. KNOWLES: No, I wish to speak to the substance of the matter.

The CHAIRMAN: Then I had better rule on the amendment. The responsibility for raising taxes is entirely a responsibility of the government, and a private member cannot move an amendment such as is proposed.

Mr. FULTON: Mr. Chairman, will you permit discussion of your ruling now, or after you have made it?

The CHAIRMAN: Not after.

Mr. FULTON: Will you permit it now?

The CHAIRMAN: Very limited discussion.

Mr. HACKETT: Why limited?

Mr. FULTON: The point raised by the minister falls under the general heading, in his submission, of a motion which would upset the balance of ways and means. Is that the idea?

Mr. ABBOTT: That is the general view.

Mr. FULTON: I submit that it does not fall under that heading, for the reason that the proposal is to increase a penalty and not to increase a tax. It is to increase the penalty if the department rules that the tax has been underpaid. It is not as though it were in effect now. We are not making a motion to reduce the amount of revenue already collected; we are simply trying to prevent the department from increasing the penalty. The minister cannot say that he has predicated the balance of ways and means on the assumption that he will get greatly increased penalties as a result of the amendment.

Mr. ABBOTT: On that point, I feel strongly that the proposed amendment will have a substantial effect on the flow of revenues.

Mr. JACKMAN: Oh, no.

Mr. ABBOTT: My hon. friend makes it a debating point that it does not affect the balance of ways and means. The amendment is clearly out of order.

Mr. HACKETT: Mr. Chairman, we shall have before the committee presently a resolution which asks for an increase in penalties as a deterrent to smuggling. I do not think the minister would suggest to you that it was out of order for an hon. member to recommend a reduction in that penalty. It has absolutely nothing to do with the revenue of the government, unless we attribute to the government omniscience and a view of the future which enables them to say who is going to break the law in the future. This is a pure incident; the proposal in question cannot, I submit, by the widest stretch of the imagination be regarded as in the category of a money bill.

Mr. ABBOTT: This is not suggesting that anyone be charged any penalty for breaking the law. It is merely a proposal that the rate of interest on overdue taxes be set at six per cent instead of four per cent. I do not think that my hon. friend would suggest that the amendment could go so far as to say that no interest should be payable on overdue taxes. But in principle that is exactly what the amendment is doing.

Some hon. MEMBERS: No.

Mr. HACKETT: That is not the argument.

The CHAIRMAN: Order.

Mr. HACKETT: The argument, Mr. Chairman, is—

The CHAIRMAN: Order. I think I have heard sufficient discussion on the point of order.

Mr. HACKETT: Mr. Chairman—

The CHAIRMAN: Order. Will the hon. member kindly resume his seat?

Mr. HACKETT: Yes. Will the hon. member kindly observe the rules of parliament?

Some hon. MEMBERS: Oh, oh.

An hon. MEMBER: Withdraw.

The CHAIRMAN: Was the hon. member referring to the chairman?

Mr. HARTT: This is not a police court.

The CHAIRMAN: If the hon. member for Stanstead was referring to the chairman and reflecting on the Chair, I shall have to ask him to withdraw his remark.

Mr. HACKETT: I will begin by withdrawing anything that I said in haste. At the same time I will ask the Chair to permit members to express their views on the question which is before the Chair, and I hope it will not be necessary to render a decision until those views have been wholly expressed. I regret sincerely if I said anything that might be interpreted as offensive to the Chair, and I withdraw wholeheartedly.

The CHAIRMAN: Thank you.

Mr. HACKETT: But I ask for permission to address the Chair.

The CHAIRMAN: It is customary for the chairman to ask for the views of hon. members on points of order. Of course the discussion should be limited. I do not want to curtail discussion too greatly, but I thought I had heard enough. If the hon. member for Stanstead has something further to say, I certainly will not refuse to hear him.

Mr. HACKETT: I merely wish to point out that I understood the argument of the Minister of Finance to be that too many people were availing themselves of delay because the interest rate was low. Then he said there was a large body of people who made inaccurate returns and paid less than was owing. He made a distinction between the two groups. It seems to me that from his argument we must conclude that the excess in the amount of interest exacted is a penalty, and that, in consequence, this is not a money bill and does not come within the category of legislation which can emanate only from the government. I thank you, Mr. Chairman, for enabling me to state my case.

The CHAIRMAN: The resolution before the committee is not a money bill, as the hon. member for Stanstead has said, but it is a resolution preceding a money bill. As I said previously, the government must take full responsibility for the raising of taxes. I would refer hon. members to Beauchesne, third edition, citation 497:

No member other than a minister of the crown may introduce a bill for reduction of duties. The government must take full responsibility for the taxation levied to provide the revenue.

The ways and means resolutions are for the purpose of raising revenue and there can be no reduction in taxation which would affect the balance of ways and means. The government must expect to receive some revenue from this rate of interest. If it were reduced, it would affect the balance of ways and means; therefore I must rule the amendment out of order.

Mr. FULTON: With respect, Mr. Chairman, for the reason that I feel that your ruling is not within the terms of the citation which you read, I regret that I must appeal from your ruling.

The CHAIRMAN: Order. I do not know whether the hon. member for Kamloops realizes that an appeal from the chairman's ruling is not to the committee but to the house, and that I would have to report to the Speaker. The ruling would then be presented to the house.

Mr. FULTON: I realize that, Mr. Chairman.

Mr. ADAMSON: While you are waiting, sir, may I ask the minister a question for the purpose of clarification? Do I understand—

The CHAIRMAN: Order.

Mr. ADAMSON: I am speaking on the same subject.

Some hon. MEMBERS: Sit down.

Mr. ABBOTT: Summer is here.

The CHAIRMAN: The ruling has been given. I am about to ask the Speaker to resume the chair.

Mr. ADAMSON: All right. I thought I might ask a question before you left the chair, Mr. Chairman.

Mr. McCANN: There has been no protest against your ruling, Mr. Chairman. Your ruling stands unless there is a protest.

The CHAIRMAN: The hon. member for Kamloops appealed.

Mr. McCANN: He indicates that privately, but he has not indicated it to the committee.

[Mr. Hackett.]

Mr. GRAYDON: Oh, he has indicated it all right.

The CHAIRMAN: I shall be glad to put the matter in a formal way.

Mr. FULTON: If the minister wishes a formal appeal, all right.

Mr. McCANN: No.

Mr. ABBOTT: I do not wish anything. I just want to get on with the resolution. If we are to do it by a vote, let us do it.

The CHAIRMAN: The hon. member for Kamloops has indicated that he wishes formally to appeal to the Speaker. If I am wrong, I should be glad to know.

Mr. ABBOTT: That is wasting half an hour.

Mr. Speaker resumed the chair, and the chairman of the committee made the following report:

Mr. Hazen moved an amendment to clause 2 of the Income War Tax Act resolutions as follows:

"That clause 2 be amended by deleting therefrom the following words: 'and that the rates payable on overdue taxes be increased from 4 per cent and 7 per cent to 6 per cent and 8 per cent respectively'." The chairman ruled the amendment out of order on the ground that it disturbed the balance of ways and means. From that decision Mr. Fulton appealed.

Mr. HACKETT: Before you render your decision, Mr. Speaker, will you be good enough to read the whole of citation 497?

Mr. SPEAKER: Order.

Mr. HACKETT: Only part of it was read.

Mr. SPEAKER: I must call the hon. member's attention to the fact that I have no ruling to give. I have just to put the question to the house, to determine whether the ruling is to be confirmed.

The question before the house is an appeal from a ruling given by the chairman of the committee of ways and means. Mr. Hazen moved an amendment to clause 2 of the resolution with respect to the Income War Tax Act, as follows:

That clause 2 be amended by deleting therefrom all the words after, "no interest less than $1 to be payable."

The chairman ruled that the amendment was out of order on the ground that it disturbed the balance of ways and means. From that decision Mr. Fulton appealed.

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was confirmed on the following division.

YEAS

Messrs:

Abbott
Argue
Arsenault
Baker
Beaudry
Belzile
Benidickson
Bertrand (Laurier)
Bertrand (Prescott)
Black (Chateauguay-Huntingdon)
Blanchette
Boivin
Bonnier
Bourget
Bowerman
Breithaupt
Bryce
Campbell
Claxton
Cloutier
Coté (Verdun)
Cournoyer
Croll
Dechene
Dickey
Dion (Lake St. John-Roberval)
Dionne (Beauce)
Dubois
Eudes
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Gardiner
Gauthier (Portneuf)
Gibson (Comox-Alberni)
Gibson (Hamilton West)
Gillis
Gingues
Gour (Russell)
Gourd (Chapleau)
Hallé
Hamel
Hartt
Howe
Ilsley
Isnor
Jean
Jutras
King, Mackenzie
Knight
Knowles
Lafontaine
Lapointe
Laurendeau
Leger
Lesage
McCann
McCuaig
McCulloch (Pictou)
Macdonald (Brantford City)
McGarry
McIlraith
MacLean
MacNaught
Marier
Marquis
Maybank
Michaud
Mutch
Nicholson
Probe
Raymond (Beauharnois-Laprairie)
Raymond (Wright)
Richard (Gloucester)
Richard (Ottawa East)
Rinfret
Ross (Hamilton East)
St. Laurent
Sinnott
Stewart (Winnipeg North)
Stuart (Charlotte)
Thatcher
Viau
Warren
Whitman
Winkler
Winters—86.

NAYS

Messrs:

Adamson
Barrett
Bentley
Blackmore
Blair
Boucher
Burton
Cardiff
Church
Daniel
Diefenbaker
Dorion
Fair
Fleming
Fulton
Gagnon
Graydon
Hackett
Harkness
Harris (Danforth)
Hazen
Hlynka
Jackman
Kidd
Lennard
Lockhart
Low
McCullough (Assiniboia)
McLure
MacNicol
Manross
Marshall
Menary
Merritt
Miller
Pearkes
Quelch
Robinson (Bruce)
Ross (St. Paul's)
Skey
Stanfield
Stephenson
Stokes
Timmins
Tustin
White (Hastings-Peterborough)
Wright
Zaplitny—48.

Mr. MACKENZIE KING: May I say a word of explanation? In the excitement of the moment I quite overlooked the fact that I was paired with the leader of the opposition (Mr. Bracken) and I voted inadvertently. When I saw my mistake I asked our whip if he would kindly refrain from voting so that the count would be the same, and he did so. I think this all goes to show that even the best of us may go astray at times.

Mr. GARDINER: May I say to the house that I did not notice that the hon. member for Souris (Mr. Ross) was not in his seat, and I voted inadvertently, but I had the hon. member for Brandon (Mr. Matthews) pair in my place.

Mr. JOHNSTON: I was paired with the hon. member for Halton (Mr. Cleaver). Had I voted, I would have voted against the ruling.

Mr. BLACK (Cumberland): I noticed that the Minister of Transport (Mr. Chevrier) was not present, so I refrained from voting.

Mr. FERGUSON: I was paired with the hon. member for Lotbiniere (Mr. Lapointe). Had I voted, I would have voted against the ruling.

Mr. PEARKES: I was paired with the hon. member for Fraser Valley (Mr. Cruickshank), but when I saw the Prime Minister voting I thought all pairs were off.

Mr. CASSELMAN: The hon. member for Huron-Perth (Mr. Golding) was inadvertently paired with two members on this side, I being one of them. I therefore refrained from voting, the other member of the triumvirate having voted at my request. Had I voted, I would have voted against the ruling.

Mr. MATTHEWS (Kootenay East): I was paired with the hon. member for Victoria, B.C. (Mr. Mayhew). Had I voted, I would have voted to confirm the chairman's ruling.

Mr. HERRIDGE: I thought I was paired with the hon. member for Fraser Valley (Mr. Cruickshank). Had I voted, I would have voted against the chairman's ruling.

Mr. NIXON: I was paired. Had I not been paired, I would have voted to confirm the chairman's ruling.

Mr. HEALY: I also was paired. Had I voted, I would have voted to confirm the ruling.

Mr. GARIEPY: I was paired with the hon. member for Victoria-Carleton (Mr. Hatfield). Had I voted, I would have voted to confirm the ruling.

And the house, having resumed in committee of ways and means:

Mr. KNOWLES: Mr. Chairman, the minister has stated that the reason for the amendment now before us is that there have been extensive abuses of underpayment of tax. Can he give us some statistics on that point? Can he tell us roughly how many people have taken advantage of the act to borrow, say, fifty dollars from the government at a low rate of interest, and how many have taken advantage of it to borrow five hundred or a thousand or a million dollars?

Mr. ABBOTT: I have not detailed information of that kind here, but it could be obtained from the income tax records. Some idea could be given as to the average amount by which the tax is underpaid, but I could not give my hon. friend any detailed information today.

Mr. KNOWLES: I am inclined to go along with the minister's argument on this point, but I do think that those who take the other view would be justified in asking for the information I am seeking, although I have noted they have not asked for it.

Mr. DIEFENBAKER: We have to leave something for you to do.

Mr. KNOWLES: My hon. friends to my right say they do not accept the minister's statement, and I would like to know what is behind it. I hope that my hon. friends to my right will note that I am agreeing with them in seeking support for the minister's statement. I do think that when the minister comes before the committee and says that he is asking for a certain provision to correct abuses that have been widespread, he should have the facts and figures to support his statement, and to show the extent of the abuse.

Mr. ABBOTT: I will see what information I can give when we are in committee on the bill. Frankly I did not expect that I would be asked for detailed information today. I am afraid I took it for granted that others would take for granted what I know to be so—that there are substantial underpayments of tax. The law does not impose any penalty for that, other than the interest penalty, and human nature being what it is, when April 30 rolls around, if you have money and there is something else you need, you are inclined to say: The government can wait a little while, and it will only cost me four per cent interest.

[Mr. Healy.]

Mr. KNOWLES: Has the minister figures now as to the total amount of arrears, or the average amount of arrears?

Mr. ABBOTT: It is not in my department. The interest rate has always been in the act. At one time it was eight per cent, and in recent years has been reduced to four per cent.

Mr. KNOWLES: And what happened?

Mr. ABBOTT: My information is that there are substantial arrears of tax. The information I get from the officials of the Department of National Revenue is that apparently some advantage is being taken of this lower interest rate, and it is for that reason I suggest we establish it, not at eight per cent, but at six per cent.

Mr. HACKETT: Why not make it five per cent?

Mr. ABBOTT: Perhaps I should do a little horse trading with my hon. friend. I will give figures to the committee, but it will take a day or two to dig them up. I will see what I can get for the committee when we come to the relevant section of the bill.

Mr. FULTON: The minister is basing this change mainly on those who make their own assessment and then send a cheque for less than the amount they have assessed themselves—a wilful or knowledgeable underpayment. But is there not room to distinguish between persons in this category and others who innocently make a mistake in their assessment and send in a cheque for the full amount for which they have assessed themselves? Surely a distinction can be made between those two groups.

Mr. ABBOTT: There is no doubt my hon. friend is right in theory; it should be possible to make a distinction. But my hon. friend is a lawyer, as I am, and he knows that it is sometimes hard to tell from an income tax return whether there has been a deliberate underestimate, or say a claiming of expenses which could not properly be claimed, or an honest mistake. I know that from my own experience. There are undoubtedly these two types of cases, but it would be difficult for the average assessor to distinguish between them. I suggest to the committee that six per cent for the use of money which in fact is the government's money from the time the return is filed, while in excess of the ordinary commercial rate, is not too greatly in excess of it. The information I have is that the cases of honest underestimates of tax are relatively small in number. I say frankly to

the committee that the type of case we are trying to discourage is where there is a deliberate underestimate or a deliberate failure to pay a reasonably substantial amount. We want an interest rate that will discourage that sort of thing, and I would hope that this rate will do it. In hardship cases, where there is an honest mistake and it is felt some relief should be given, it is always open to the minister to recommend a remission of the interest penalty. But I feel from my experience in the administration of the act that the general rule should be there. The honest man who has innocently made a mistake and feels there is an injustice can ask for a remission.

Mr. HACKETT: I am going to suggest to the minister that before he arrives irrevocably at a decision he read Nehemiah, chapter 5, verse 4:

> There were also that said, we have borrowed money for the king's tribute, and that upon our lands and vineyards.

If he sees what happened in the sequence I think he will be inclined to be more temperate.

Mr. KNOWLES: Mene, mene, tekel, upharsin.

Mr. ABBOTT: I shall certainly read my hon. friend's reference.

Mr. GILLIS: I agree with the minister in what he is trying to do. It is just a matter of guarding against sharp practices by smart people who might want to get hold of $10,000 at four per cent and invest it at fifteen per cent. But there is another group who will be affected by this change. Suppose a person in computing his tax makes a mistake of a hundred dollars or so. The income tax department after eight months or a year—

Mr. HACKETT: It may be twenty months.

Mr. GILLIS: Yes; they tell him that he has made a mistake and he is charged interest on the underpaid tax when he thought he owed the government nothing at all. If the minister intends to insist on the resolution going through as it is, the least that should be done is that, where the amounts are small, if the income tax department did not notify the taxpayer within a reasonable time the interest should be waived.

I have run into another problem which has to do with service personnel, persons who up to 1942 were working in industry. They went into the service in the latter part of 1942, filed an income tax return and went overseas. They came back in 1945 and then received a bill from the income tax department for arrears of taxes in the year 1942. They are also being charged with three or four years interest on back taxes; in other words, the period during which they were in the services.

Mr. JACKMAN: With interest on interest, I suppose.

Mr. GILLIS: That is true. I agree in principle with what the minister is trying to do, but there should be some reasonable safeguard, even if it was administrative latitude given to the department, in cases where there are extenuating circumstances. Interest should be waived in the case of a man who was in the service. Mind you, up to date the department has been adamant against waiving that interest. I have had one or two specific cases brought to my attention. While $5, $6, $10 or $15 may not be very much money to the average person, to some people on a very small income, with families to maintain, that amount added at the end of the year for taxes imposes a considerable hardship on them. I suggest to the minister that there should be some regulation under which the first $100 is exempt, or if the income tax branch did not notify the taxpayer within a reasonable time, say two or three months, or something like that, the interest should not go beyond that. The interest for which the service personnel are now being dunned, and which accumulated during the period they were in the services, should be waived.

Mr. ABBOTT: They were given exemption for the time they were in the services and a year afterwards.

Mr. GILLIS: What I am talking about is what they owed on their income in 1941 or 1942, before they went into the services. It accumulated, and the interest ran on all the time that they were in the services. With that exception, I am quite satisfied that the minister is taking the right step against the type of persons who may try to get money very cheaply from the government in this way and invest it at higher rates of interest.

Mr. CARDIFF: I should like to ask the minister a question, but I am not sure whether it is out of order or not. Like all other hon. members, I receive a salary and the tax is deducted at the source. Of necessity I have to make a return on my farm. If that farm shows a loss on the return, am I entitled to offset the amount shown on that return?

Mr. ABBOTT: You are not entitled to write off the loss on your farm against your indemnity. As I understand it, it depends on which is the principal source of income. A man

who operates a farm as a side line can write off losses on his farm against other secondary income which he may have, but he cannot write it off against income, or salary, or wages in his main occupation. It is a legal question. I suppose I should not attempt to give a ruling in the committee. It really revolves around whether my hon. friend's principal occupation is that of farming or that of being a member of the House of Commons.

Mr. CARDIFF: The reason I ask the question is this. In the first return I ever made I was satisfied to let them take the amount from my salary at the source. They said I had to make a return on the farm, which I did. Others are in the same position as I am. It does not affect only me. Many hon. members in all corners of the house are in the same position. Take my own case as an example. I have shown a loss on my farm back to 1942, but I have never received a rebate from the government.

Mr. ABBOTT: Perhaps my hon. friend had better consult his own adviser in the matter. On the facts as he has given them, if his chief occupation is farming, and he shows a loss on his farm operations, he is entitled to charge that loss against his indemnity. These free opinions are worth just what you pay for them. Therefore I think the hon. member had better check with his own lawyer.

Mr. STEPHENSON: Suppose a person overpays his tax one year; is that overpayment applied to an underpayment the next year without notification?

Mr. ABBOTT: I am informed that each year is taken by itself. I am not too familiar with departmental administration.

Mr. STEPHENSON: That is the point I wish to speak on now. The person to whom I should like to refer had an overpayment of $27 and some odd cents for one year. The next year he was short $21.61. The department did not refund the overpayment. He was notified that he owed the government $52.05. His underpayment was only $21.61, but the tax penalty was $30.44, making the total which he was required to pay $52.05. He had not been notified that he owed that money until some four years later. At the same time he had a balance of $27 coming to him which could have been applied to pay the $21.61. I cannot see the justice of that, and I cannot see the argument for the six per cent, particularly when a man has overpaid and there is money on hand to pay the amount. That money is worth as much to him as it is to the government, particularly if he had to go out and borrow the money to cover the $27 or whatever he may be short. On that amount he has to pay five per cent or six per cent while the government holds his money, and yet the government charges him interest at six per cent because it has him over the barrel.

Mr. ABBOTT: It is very difficult to deal with individual cases such as that without knowing all the facts.

Mr. STEPHENSON: These are individual cases.

Mr. ABBOTT: I am sure that if my hon. friend took the matter up with the office of my colleague, the Minister of National Revenue, or if he saw the deputy minister, he would have it cleared up.

Mr. STEPHENSON: There are thousands of these cases in the country. This happens to be one particular case. Last year when I spoke on it I asked if the penalty interest was justified, and apparently there was no answer. I asked the Minister of Justice if it was justified and he said the government was infallible.

Mr. GIBSON (Comox-Alberni): I think the hon. member for Durham has a real point there. This is one of the sore spots with the taxpayers of the country. I could never understand why the Department of National Revenue did not have a ledger sheet of each individual with the credits on one side, the debits on the other and the balance carried forward.

Mr. McCANN: That would mean ledger sheets for everyone.

Mr. GIBSON (Comox-Alberni): As the minister says, that would mean ledger sheets for everybody, and the balance that a man owes ought to be the figure on which he pays interest.

Mr. ABBOTT: The answer there is that perhaps it would be desirable to change the law and make it a current account. The law provides that each man owes a tax each year on a certain basis. He is called on to estimate his tax, file a return and pay the tax. If he does not do that he is subject to the usual penalty of interest on what he does not pay, and each year is taken as a separate unit. There are the provisions for averaging, of course, in the case of farmers and for writing back losses in the case of businessmen, and so on; but, broadly speaking, the principle of the law as it stands, and as it stood in 1917 when it was brought in, is that each twelve-month period the individual taxpayer, or the corporate taxpayer, must file a return and pay his tax for that year, or the balance of tax for that year. Now it is on an

instalment basis. One way of borrowing money for your business at a cheap rate is to underpay your instalments. That is why I am so anxious to have this somewhat higher rate in the law. Tax collection is not a popular pastime any more than tax paying is a popular pastime. Taxes have to be collected if the services of the country are to be maintained, and that is the job of my colleague the Minister of National Revenue. Neither he nor I will win any popularity contest by pressing for taxes or charging interest on under-payment of taxes, but most businessmen know that some measures of that kind have to be enforced.

Mr. STEPHENSON: When the taxpayer overpaid the tax, why was not the overpayment returned?

Mr. ABBOTT: It is impossible for me to answer hypothetical questions in the house on a set of facts which I have not had a chance to look at. The answer is this. If a return is assessed and it is found that the taxpayer has overpaid the tax, a cheque is sent for the overpayment. If he owes the crown money, then the usual law of offset is applied, and a ruling must be got from the Department of Justice, or a certificate. But that applies in commercial life. If I owe a man $50 and he owes me $75 I do not send him the $50 and let him send me $75. He sends me a cheque for $25.

Mr. STEPHENSON: The minister is not consistent in his policy, because he would not apply the over-payment to the next year's tax in order to bring the taxpayer up to date. As regards the refundable portion of the tax payable now, the government arbitrarily says, "We will take that and apply it to back taxes without asking the taxpayer's permission to do so."

Mr. ABBOTT: They could not do so if he did not owe them money.

Mr. McCANN: When an assessment is made and it is found that there is an overpayment of, let us say for the sake of argument, $25, that is stated on the assessment return. The taxpayer has the option of getting that in cash or indicating to the department that he wishes it to be put to his credit for his next tax year.

Mr. STEPHENSON: In the case I am speaking of, the taxpayer was not notified that he had any tax to pay, but when the matter was taken up and the mistake was brought to light they decided to apply it to 1944.

Mr. McCANN: Did he get a notice of assessment?

Mr. STEPHENSON: Yes. He missed 1943 altogether and was charged $30 interest on a payment of $21. It is hardly consistent.

Mr. ISNOR: I am surprised at the attitude taken by many members sitting in the opposition. It is true that many of those who have spoken are lawyers. There are very few businessmen who have spoken against this proposal of the minister, and I wish to give the minister my support. Everyone seems to be objecting and to be criticizing the minister for carrying on in a business-like way.

May I deal briefly with the small taxpayer. Today he is paid through his weekly envelope or monthly salary and deductions are made at the source; in fact, ninety-five per cent of his tax is collected in that way. There is really no opportunity for him to have large means at his disposal. On the other hand, the businessman receives a form and he is asked to estimate from the previous year his income for the current year. Then he is requested to make, I believe, four quarterly payments of twenty-five per cent. If the businessman, or the firm, decides to use two of the payments, he has fifty per cent of his total tax available for business purposes. Instead of going to the bank and paying 3½ per cent, putting up Dominion of Canada bonds as collateral, or paying 4½ per cent or up to six per cent as a business transaction, he borrows from the government, using government moneys for a certain period. Why should the businessman not be compelled to pay the same rate of interest to the government as to the bank or to any other lending institution?

That runs into many thousands of dollars. It is only, or it is very largely, the businessman who is being charged this particular interest rate, and I do not believe there are many of them who are opposing this change. It is a clear-cut business method of carrying on; and I rather compliment the minister, instead of criticizing him, upon the action he has taken in this respect. I should think every member sitting with the C.C.F. would welcome this, since it would be a clear indication that they were looking after the smaller man.

An hon. MEMBER: Oh, oh.

Mr. ISNOR: The facts prove it is so, and "Oh, oh" does not count if you look at the matter in the right way.

Mr. KNOWLES: We are trying to get the facts from the minister.

Mr. ISNOR: Those are the facts as I see them. In regard to overpayments, if any hon. gentleman had to pay $5,000, $6,000 or $7,000 more, he should have entered it as E.P.T. in 1944, 1945 or 1946, and automatically it would have been transferred to his income tax. In that way the account would be more or less balanced and kept alive, and he would not be charged interest on that particular amount of his income, which otherwise might have been the case. Such a transfer is proper. Quite often in the past, businessmen have found that they had paid too much in the form of excess profits tax. I have before me a tax bill from a certain taxpayer showing that he has a credit of $7,066. That taxpayer will be credited from his E.P.T. to income tax.

An hon. MEMBER: He must be a rich Liberal.

Mr. ISNOR: I just happened to have that bill here, and that is a real case. That taxpayer will have to pay, but he will be in the fortunate position of not having to pay as much income tax as he had anticipated for 1947-48.

I wish to congratulate the minister on this businesslike step he has taken. I make that statement as a businessman, because in my opinion he is trying to carry on in a businesslike way.

Mr. ADAMSON: The love feast of joy and good-natured felicity among the Liberals—how pleasing it is to pay taxes and even to pay interest on taxes unpaid!—is marvellous. It indicates a strange philosophy and shows a wish to get somewhere, where they are not at the present time.

Mr. ISNOR: I wonder what the hon. member means by that. Would he explain? Would he enlarge on that?

Mr. ADAMSON: The hon. member will read my remarks and understand them perfectly.

Mr. ISNOR: Mr. Chairman, in view of the fact that I was the last speaker, I think the hon. member will be fair and will not imply any such thing as that. I would ask him to be good enough to explain.

Mr. ADAMSON: I am not imputing motives at all. Nothing in my remarks implies the imputation of motives.

Mr. JACKMAN: It is a very worthy imputation.

Mr. ADAMSON: I wish to ask the Minister of Finance this one question.

[Mr. Knowles.]

Mr. ISNOR: Mr. Chairman, as a matter of principle, I suggest that the hon. member has implied something in regard to myself. If he will be good enough to say he does not imply it in connection with myself or my remarks, I am happy: otherwise I will ask him to withdraw. There is no hidden motive as far as I am concerned.

Mr. ADAMSON: It is like the hidden reserves in the banks. There are no hidden motives.

Mr. ISNOR: The hon. member is not man enough to withdraw.

An hon. MEMBER: Now, now.

The CHAIRMAN: Order. The hon. member for York West has stated that there was no motive implied.

Mr. ISNOR: Did he say that?

The CHAIRMAN: Yes, definitely.

Mr. ISNOR: That is fine.

An hon. MEMBER: Do you apologize?

Mr. ISNOR: No.

Mr. ADAMSON: I want to ask the Minister of Finance just one question, if he will listen. Suppose a man has underpaid his income tax substantially. He does not get his assessment for the year for four years; I refer to his final assessment. That is quite a common occurrence among some of the taxpayers.

Mr. McCANN: No, that is not common at all.

An hon. MEMBER: Yes, it is.

Mr. ADAMSON: Unfortunately, I know of several cases where that has happened and where the assessment was not received for three and four years. He is charged this four per cent or six per cent on the twenty months of the four years before he gets his assessment, and not on the other two and a half years.

Mr. ABBOTT: That is correct. At the end of twenty months, interest ceases to run if the assessment has not been made. Of course, thirty days after the mailing of the notice of assessment, the interest rate goes up on the amount due. There are thirty days in which to pay any balance of assessment, and then it goes up.

Mr. ADAMSON: I assume that. I think it would be a great relief to taxpayers to have their assessments just as soon as possible so that their liability to the state would be known.

Mr. McCANN: I should like to say a word in reference to that matter. It is the object of the department to have the business in such a position that the returns of one year will be assessed before the returns of the next year come in. For the year 1946 there were 3,566,000 returns. That is a great deal of business. That constituted 600,000 more returns than for the year 1945. The reason for that was that the men in the defence forces had returned to Canada. During the time they were overseas they were not taxable. They had returned and had gone into business or into some type of money-earning occupation, as a result of which they had become taxable. In addition to that, this large number of returns indicates a high level of earnings by the people of this country. Over 600,000 more returns were received in the year 1946 than in the year 1945. For the year 1947, returns for which were made at the end of May, there are many hundreds of thousands more than the 3,566,000 for 1946. I think it is fair to estimate that for the year 1947 there will be at least 3,800,000 returns, or somewhere between that and 4,000,000.

When the hon. gentleman says a great number of returns for years back—as much as four years—have not been assessed, he is not speaking according to the facts. If the percentage is taken, it is exceedingly low. There are reasons for that. All during the war years the staff of the taxation division was greatly undermanned. Business came along and took from us our trained assessors, auditors and chartered accountants. Why was that? Because of the level of the salaries, for the most part, that were being paid to those who were in the salaried positions in the taxation division. That has been changed. We have a great many more assessors. We have added to our personnel something over 2,400 people throughout the country, so that we are now getting to the stage where we believe that, within one to two years from now, we shall have the assessments made on a current year basis. At that time there may be a change made, so that if the assessment is not made in a period less than twenty months, the interest rate will not apply. At the present time we are approximately twenty months to two years behind in some cases, but that condition will be improved as time goes on.

Mr. FULTON: It was interesting to hear the senior member for Halifax speak from the point of view of the businessman, of whose situation he has intimate knowledge. He was probably accurate in what he said with regard to the purely business basis of this tax. But I do not think he showed any great accuracy or knowledge of the situation as it affects those others for whom we have been speaking. I refer to the small taxpayer, and particularly to the farmer, who does not make his return on a quarterly basis—

Mr. ISNOR: I dealt with the small taxpayer.

Mr. FULTON: —and who has no knowledge of interest or why he should be charged interest when the error was made in good faith, and particularly when the time lag is not his fault. That is our main objection to this particular piece of legislation. One must appreciate what the minister is trying to do with regard to those who deliberately underpay their own assessments. But I do not think any legislation is good which, because of a certain situation of which a few people are taking advantage, hurts everybody simply so that those few people will no longer be able to take advantage of it. The suggestion we have been making is that the particular offenders should be dealt with, instead of the whole mass of honest taxpayers being penalized, as large numbers of them will be penalized under this legislation.

I wish to refer to a case as an illustration of what happens. A certain taxpayer, a farmer, in 1943 asked to be permitted to go on a different basis. He had been on a cash basis and wanted to go on an inventory basis. He received permission, furnished information back to 1936 and established his inventory as of that date. A few months ago he received a final assessment showing that he had some $1,100 additional taxes to pay because of the additional income which that change in the method of assessment involved, from 1936, and requiring him to pay an interest penalty on the unpaid taxes of $500, or nearly half of the tax arrears. I believe that particular case is to be adjusted, but I refer to it as an example of what happens when assessments are late and when the government insists on charging interest on taxes which are in arrears for no other reason than that the assessment has been delayed.

The amendment which we moved has been ruled out of order, but I think we shall have another one which would take care of the situation. I ask the minister again to consider whether it would not be advisable, rather than to pass this new resolution in its present form, to provide that the interest penalties shall apply only to those who underpay their own assessments. That is the group to which he referred and on which he based his argument. That is the group which is obviously, shall we say, taking advantage of what he says has been a low interest charge by the government in the

past. But certainly some taxpayers have been charged interest when the twenty months' period has been exceeded and when the delay has not been their fault. Before this resolution is passed, I should like to know that more consideration will be given to preventing honest taxpayers from being penalized because there are a few whose motives are in question.

Mr. ABBOTT: It is not a question of penalizing honest taxpayers, as I have tried to explain. This is a complex subject, and it covers all taxpayers. One of the ways in which substantial advantage can be taken of a low interest rate was touched on by the senior hon. member for Halifax. In the case of businessmen, they have to estimate their tax for the coming year. They estimate it on the basis of last year's tax. They are entitled to do that. Then they pay one instalment. Then, for one reason or other they do not pay the second instalment or the third. They know pretty well the chances are that, while last year was not such a good year, this year will be pretty good. There are many ways in which that can be done, and it is not illegal, but it enables a man to use money in his business which properly belongs to the government.

The cases of small taxpayers, about which so much has been made here, where they under-estimated the tax, honestly and otherwise, are usually pretty small. They might run to $25 or $50. The interest on that, even if it were $100, is only $6 for the first twelve months. And somebody can calculate rapidly what it would be for the next eight months.

All that is being suggested in the proposed amendment is that the present rate of four per cent, which I consider is too small or too low to accomplish the purpose for which it is placed there, should be placed at six per cent.

The hon. member for Eglinton suggested that consideration might be given to reducing this period of twenty months to a somewhat lower figure. My colleague the Minister of National Revenue has already touched upon that. Perhaps, if additional staff were obtained in the department and greater headway made, that period might be reduced in another year. But I say, as I said before, I think this is a section which it is in the public interest to have, and it will not cause hardship to anyone who pays his honest bills. Incidentally, this applies only to the 1948 tax period, returns for which will be filed next year.

Mr. TUSTIN: How long has the twenty-month period been in existence?

Mr. ABBOTT: Two or three years. I cannot remember offhand, but I am told it is up to and including 1945.

[Mr. Fulton.]

Mr. HARKNESS: Does the hardship provision about which the minister has been talking apply in respect of a farmer in this situation. On account of the way in which farmers' income tax is collected, he may, from the point of view of his figures, show a very large income in a particular year in which he has no income at all. For example, in the fall of 1947 a farmer might go to the bank and borrow $10,000 with which to buy cattle and another $5,000 to buy feed. Then, in the spring of 1948 he sells those cattle for probably $16,000, making a profit of $1,000 for his work. But so far as income tax is concerned, he is charged with having an income of $16,000.

Mr. ABBOTT: No, no.

Mr. HARKNESS: Oh, yes, he is.

Mr. ABBOTT: No.

Mr. HARKNESS: I have made these things up myself and I know. When a man is on a cash basis every cent he gets in from the sale of stock is considered as income.

Mr. ABBOTT: On a cash basis; but he can average his income over three or four years.

Mr. HARKNESS: But supposing he has not been operating on the three-year average. That is true of most farmers; they have not been on the three-year average, and in most cases they have not paid income tax at all. But the man in this particular instance is charged income tax on $16,000, plus any other crop he may have. Let us say there is another crop valued at $4,000; then the result is that he is shown as having a total income of $20,000 for 1948. And on that, of course he is charged a large amount of income tax. I do not know what it would come to, because I have not figured it out. But he does not have the money to pay it.

In a case of that kind, what adjustment is made; and is the hardship clause about which the minister spoke brought into play? A man in that position is in a hopeless situation.

Mr. ABBOTT: I would not think that would be a case where the hardship clause would apply. In the circumstances which have been given, the farmer goes to the bank and borrows $10,000 with which to buy cattle, which he sells for $16,000. He got the money back, plus a profit and he owes the government income tax. If he has not the cash he has to go to the bank and borrow money, the same as any other businessman who wishes to pay his liability. I can see that if he suddenly switched to a cash basis, in the circumstances given here it might sound as though his income were not real, and he would be taking this averaging

procedure in the next year. Anyway, it is a problem of administration.

Mr. HARKNESS: No, it is not. This is the case of the farmer who did not pay income tax at all in 1947. He borrowed money from the bank to buy cattle. I know of one or two cases where this particular point applies. Then the farmer turns in his income tax return for the next year. According to the way in which he has to make up his return he is charged with having income of $20,000, and the tax is levied on that amount. But he has not made that amount of money, and he has not the money to pay the tax. What I want to know is: What happens in a case like that?

Mr. ABBOTT: The same as happens in respect of any other businessman. He has to find some way to pay his obligations. I should have thought that, in the light of the facts set out by my hon. friend, that particular taxpayer would be well advised to prepare his return on an accrual basis. He has the option of doing it in that way. If he prepared it on an accrual basis his income would be the $1,000 to which my hon. friend has referred. If he filed it on a cash basis, then I suppose he does it either because he is badly advised or because there is some advantage in doing so.

Mr. HARKNESS: When the minister refers to the accrual basis he means the inventory basis?

Mr. ABBOTT: Yes.

Mr. HARKNESS: But that will not help the man so far as the first year is concerned. And if he goes on a three-year average basis it will not help him so far as the first year is concerned. In other words, he is still caught for a large false income, and that is the thing about which I am asking the minister. What is he going to do about it? How is it to be adjusted? There must be some way.

The CHAIRMAN: I have not interrupted the hon. member but it does seem to me that we are getting away from the resolution under consideration. We are considering resolution 2 which deals with the interest payable on amounts paid in excess of the amounts chargeable, and also interest charged on amounts which are not payable. This resolution deals with what happens after the tax has been paid; not before.

Mr. HARKNESS: The reason I am discussing it is that the farmer about whom I have been talking is charged with a tax on several thousand dollars, and he has not the money to pay it. Then he is charged interest at six per cent, and later at eight per cent. That is the manner in which I am dealing with the matter. My first question was as to whether the hardship clause would apply in a case of that kind.

Mr. ABBOTT: It does not sound like a case in which it would, no.

Mr. HARKNESS: Secondly, I should like to know whether there is any provision, so far as the income tax law is concerned, whereby this man can get relief. Can the minister answer that?

Mr. ABBOTT: Perhaps my colleague, the Minister of National Revenue, would answer that. It has not much to do with this resolution.

Mr. HARKNESS: I think it has.

Mr. MacNICOL: I should like to ask a question about the other side of the picture, where the income taxpayer pays too much. I have here a letter from a taxpayer advising me that, through an error in making out his assessments in 1942, 1943 and 1944, he used tables which applied to a single man. He is a married man with a child, and the result is that he has overpaid to the extent of $300. He has asked me to find out if he has any redress, or if he will be able to get the overpayment back again.

I might add that in my own case I have overpaid two or three times, and I must congratulate the department upon its accuracy. They looked over my assessment carefully, and where I overpaid they sent me a cheque for the amount I had overpaid, or stated that I could deduct it from next year's payment.

Mr. McCANN: The case to which the hon. member for Davenport has referred is one where the person in question can ask for a re-assessment. If it is not barred by statute his application would be granted.

Mr. HAZEN: In support of the second part of this resolution which deals with an increased rate of interest on overdue taxes and provides an increased penalty, the minister has told us that the purpose of the resolution is to prevent under-payment where payment is due. He mentioned a class of persons who, he says, when April 30 comes around, decide to spend their money to buy automobiles or for some reason other than paying their taxes. He says these people do not pay the full amount of their tax when they file their returns. There may be some people like that, but there is another class of people, the people who from year to year endeavour as best they can to rake up the money with which to pay their taxes when

they become due. However, a man may meet with a misfortune. For example, his child or his wife may go insane. He may not live in the central part of Canada where he can get the best of medical treatment, and therefore he must bring his wife or child to Montreal or Toronto or some other place where specialists are available. He may have to go to much more expense than he can really afford. It seems to me that his first duty is to his family and not to the government. He must spend the money upon those in whom he is interested in order that they may have the necessary treatment. Then a man may have his property destroyed or meet with some other misfortune.

These people do not fail to pay because they do not want to pay; they do not pay because they need the money for some other purposes. It seems to me that they are entitled to consideration. This may be a minor class, the same as those who want to buy an automobile.

As the minister knows, these returns are usually changed in some particular from year to year. It is difficult to make out a return correctly, but the average man attempts to do it. He computes what he owes and then he pays it. That is really a difficult task for the ordinary citizen. Then, after some considerable period of time he is informed that he has not paid sufficient taxes and this excessive rate of interest is imposed. These people should be protected and, in order to protect them, I am going to move, seconded by the hon. member for Kamloops:

> That the resolution be amended by adding to clause 2 the following words:
> "That the said rates shall become payable only from and after the date notice of assessment has been sent to the taxpayer by registered mail."

Mr. ABBOTT: Obviously I must take the same legal objection to this amendment as I did to the other. The effect of the amendment would be that any obligation of a taxpayer for payment of taxes to the crown would bear no interest until such time as the notice of assessment was mailed to the taxpayer. I think it will be recognized that it would be physically impossible for any income tax department to get notices of assessment out to the great majority of taxpayers within less than two or three months, even at the best. In the interim the taxpayer would have the free use of money owed to the government for that period, whatever it might be. I think this amendment is, beyond question, one that affects the balance of ways and means and is therefore out of order.

Mr. FULTON: While the government is responsible for ways and means, the house has the fullest freedom to criticize it, and that freedom can be exercised by way of a motion to reduce the amount of taxation. Earlier this afternoon Your Honour read the first part of citation 497, to be found on page 182 of Beauchesne's Parliamentary Rules and Forms, third edition, but I should like to read the second part of that citation, which is as follows:

> But the house enjoys complete freedom to make every representation possible to the government with regard to the manner in which the ministers discharge this responsibility. This duty the members may perform by moving amendments to reduce the taxes proposed by the administration.

Although this actually does not reduce the tax, it reduces a proposed increase in penalty, and I submit that it falls within the same paragraph.

Mr. HAZEN: I should like to read citation 511 of Beauchesne, second edition, which is as follows:

> Each resolution can only be dealt with by being agreed to, reduced, negatived, superseded, or, by leave, withdrawn . . .

Mr. KNOWLES: On the point of order, Mr. Chairman, I hope that one can speak to these points of order without being tied down to the substance of the amendment before the committee. But I feel that we should be consistent, in what we do in the house and in this committee. I am interested in this amendment, and I am particularly interested in how far a private member can go. I would remind you, sir, that on another occasion this session when some one in this group—it may have been myself—moved an amendment to cut out one of the taxes in Bill No. 3, it was ruled out of order.

Later on, having had my attention drawn to the citation that I intend to refer to now, I moved an amendment that a certain tax be cut out but that another one be put in its place so as to preserve the balance of ways and means. The chairman allowed that amendment as being in order. In other words, it substituted an alternative tax and kept the balance of ways and means.

The citation on the basis of which the second amendment to which I have referred was allowed, whereas the first one was not allowed, is citation 500 in Beauchesne, third edition, to be found a little further down on the page from which the hon. member for Kamloops was reading. He draws attention to the fact that you, Mr. Chairman, a while ago had read only part of citation 497 and he then went on to read the rest. I am going to go a little

further and read citation 500. Before we get through, we shall have read the whole book. Citation 500 reads:

Though it is the function of the committee of ways and means to impose rather than to repeal taxes, example of the repeal of taxation effected in this committee are to be found upon the journals. Proposals for the variation or modification of taxation can therefore be made in the committee; but these proposals must be grafted upon the financial scheme submitted by the government, and must not affect the balance of ways and means voted for the service of the year. Amendments, therefore, can be proposed to substitute another tax, of equivalent amount, for that proposed by the government, as, for instance, a proposal to substitute probate and legacy duty on real property as an alternative for an inhabited house duty, the necessity of new taxation, to that extent, being already declared on behalf of the crown.

The point I am making is that, on the basis in citation 500 and in line with what was done in committee of ways and means when we were considering Bill No. 3, this amendment, which merely strikes out a tax or a source of revenue and offers no alternative, is hardly in order. If the hon. member had moved some alternative tax so as to maintain the balance of ways and means, I think, Mr. Chairman, you would have a difficult time ruling it out of order.

Mr. FULTON: Mr. Chairman, if I may—

The CHAIRMAN: Before the hon. member for Kamloops speaks, I should like to assure the hon. member for Winnipeg North Centre and all other hon. members that it is never my wish to rule any amendment out of order. All I wish to do is to see that the rules of the house are observed.

Mr. FULTON: Dealing further with the point raised by the hon. member for Winnipeg North Centre, I do not think he read far enough. The point at issue is this. This is not a tax the repeal of which we are suggesting. What we ask in this amendment is that the penalty be not increased. I have read in support of our contention that our amendment is in order, citation 497 of Beauchesne. I now read citation 502:

A private member may move that certain specified taxes be readjusted and that the scope of tax exemptions be enlarged.

Mr. KNOWLES: You told me it was not a tax.

Mr. FULTON: I have read, in answer to the hon. member for Winnipeg North Centre, that it is not always necessary to move something in addition so that the balance of ways and means may be preserved.

Mr. KNOWLES: But the hon. member for Kamloops just said that this is not a tax.

The CHAIRMAN: I thank hon. members for going into this matter so carefully. As I said previously, I like to hear the opinions of members of the committee before I make my ruling. I find, though, that when I do so a number of members of the committee call out: "Make your ruling." However, in spite of that, I usually listen to members, but I must decide when I have heard sufficient representations, and I think on this point I have heard sufficient representations. May I remind the members that we are in committee of ways and means and that this committee is now considering resolutions on which money bills will be based and which are a part of the financial proposals of the government. Those resolutions have now been presented to the committee. Amendments must not be such that they will disturb or interfere with the financial scheme of the government. The amendment which has been moved obviously would affect the moneys coming to the government; it may be to only a slight extent, but in any event it would disturb the balance of ways and means at least slightly. Therefore, in accordance with the citations which have been read, I must rule the amendment out of order.

Mr. FERGUSON: Speaking as a private citizen, as a businessman, not a lawyer, and as a member of the House of Commons; speaking on behalf of what the C.C.F. would like to believe is the big man; speaking on behalf of all the citizens of Canada, both big and small, for they are the ones who sent us here, I think we should make more rapid progress if the Minister of Finance would turn the screw on the man who is trying to gyp the government.

But that is not the attitude we should take regarding the taxpayers of Canada in general. I do not believe that the majority of our citizens are trying to hurt the government or to use the government's money. I believe that what we are trying to arrive at is an over-all picture of a fair rate of interest during a period when interest rates are low, and I believe that five per cent, which is definitely the prevailing rate of interest today, would be adequate. Holders of government bonds are receiving only three per cent, and municipalities are selling their debentures at 2½ and two per cent, so I believe that five per cent under the circumstances would be adequate. If the minister would reconsider this, he could solve the difficulty by making the interest rate five per cent. That would be doing a service not only to the little man but to my friends whom the C.C.F. would call the big men, men who

have been successful in business in this dominion. They are just as much entitled to consideration as the little man.

Mr. KNOWLES: May I just reply to the hon. member by wishing him today a happy birthday.

Mr. DIEFENBAKER: I do not want to intrude myself into this. As a matter of fact, I think that if members of the house had read what I should call McCann's book on income tax for the benefit of farmers, many of their difficulties would be answered. That 44-page booklet answers everything, and at the end of it the farmer finds himself in the position of wondering just what will happen to him. He asks himself: If I die who will make out my income tax return?

Mr. McCANN: Do you mean the farmer or me?

Mr. DIEFENBAKER: I am just congratulating the minister on that 44-page masterpiece which his department has put out, but he does not seem to take my congratulations in the spirit in which they were intended, but rather truculently. As a matter of fact, the Minister of Agriculture also had something to say in regard to taxation of the farmers.

Mr. GARDINER: But not about the book.

Mr. DIEFENBAKER: But about the results from the book. I would ask the minister this question. Have his advisers informed him that, by raising the interest rates from four to six per cent and from seven to eight per cent, there will be less evasion or less delay than there is today? What is the real reason for these arbitrary figures? Why were they fixed at these rates?

Mr. ABBOTT: The rate used to be eight per cent instead of the six per cent we are now proposing. Following discussions which took place in the house, it was decided two or three years ago that eight per cent was excessive and we lowered the rate to four per cent. The indications are that the lowering of that rate has resulted in a greater deferment of payment of tax than existed before. It is, of course, hard to pin that down. The arrears may be due to the fact that there are more taxpayers and more taxes due. Nevertheless, there is a greater amount of taxes not paid on the due date, and my advisers believe that the four per cent rate may have had something to do with that, because it was easy to borrow the tax money until the assessment could be made and notice of the assessment sent out. I dare say that all of us at some time or another have got a little bit behind in our taxes. I know that on occasions I have had to go to the bank and borrow money to make my tax payment. That is the only answer I can give to my hon. friend. This was not aimed at any particular group. Obviously the salaried man or wage earner, as the senior member for Halifax has pointed out, has not much chance to get behind in his payments because they are deducted at the source. The man who does have the opportunity is the professional man, the lawyer, the doctor, the businessman, the corporation and so on. I think it is fair to say that experience has shown that the low rate of four per cent has, to some extent, encouraged the deferment of payment of taxes which are due.

Mr. DIEFENBAKER: I am not going to take up any time, but I believe that the Minister of National Revenue is today engaged in a definite campaign to secure payment on a widespread scale from farmers throughout the country. The campaign in the western provinces has been very direct. Numbers of individuals working for the department are going from farm to farm, and going back over the records of farmers for a period of several years. As a matter of fact, I think this additional penalty will in the main fall on farmers who, over the years, may not have been paying taxes because they did not have the returns that made possible the payment of taxes. They now find themselves in the position of having a careful examination made of their records. In the main they are the ones who will be penalized as a result of this change.

Mr. ABBOTT: This will not apply to them, because the four per cent rate would apply to taxes for 1947. The four per cent rate applies to previous years; it is not retroactive.

Mr. DIEFENBAKER: I appreciate that, but the fact remains that a definite campaign is on today. I think the minister would be frank to admit that, since assuming the position of minister, he has placed in the field a considerable number of officials who are doing everything possible to secure payment of income tax from farmers on every hand. There is no use in making representations to the minister in this connection, but I feel that the addition of this extra amount will add a still greater weight upon those people who, over the years, have not made payments because farming conditions were not what they should be. Today they are finding it very difficult to fill out the forms, and as a result of the delay they will find themselves penalized once more by an additional amount. I hoped that the minister would have adopted the suggestion that there be no increase.

I was particularly impressed with the suggestion of the hon. member for Simcoe North that the bank rate be charged. However, the minister takes the stand that he will not do that. There is very little use in doing anything other than recording one's objection. Once more I point out that in the ultimate result it will, in the main, fall on farmers throughout this country who are today being forced to pay income tax generally in all provinces.

Mr. FAIR: There was one thing that the hon. member for Lake Centre left unsaid, namely, that a very large percentage of the farmer's income tax has been collected by the government through low prices being fixed for the products which he raises. That should have been stated by the hon. member for Lake Centre. Because he forgot about it, I am saying it now. The farmer has paid many many times the income tax he should pay by receiving much less than he should have received for the products which he grows.

The CHAIRMAN: Order. I do not know why the hon. member for Lake Centre did not raise that question. It may have been because he thought it was out of order. I rather think a discussion along these lines would be out of order. May I ask hon. members to confine their remarks to the resolution under consideration.

Mr. ADAMSON: I want to correct an impression that seems to be in the minds of certain hon. members in the committee, that there was something ethically wrong or dishonest in the under-payment of taxes in order to utilize the money for some other purpose. The minister is imposing this extra interest because he wants the government to have the use of the money, and is making it a little less advantageous for the individual taxpayer to retain the money and make an under-payment of his taxes. I see his point, but I thought I should correct the impression that he is correcting an evil or something that is ethically wrong. This amendment does not do that; it merely makes it less advantageous for the individual to withhold his tax payment.

Mr. ABBOTT: That is quite right.

Mr. STEPHENSON: I have one further question I should like to ask the minister. It has to do with exemption for children going to university. Some have claimed it after the children have reached the age of twenty-one years, but they have had to pay the taxes. The question has come up several times. It is one that should be considered by the government in this way. Owing to the curriculum that is followed in the schools today, it is impossible for children who are taking a Bachelor of Arts honour course, or medicine in particular, to get through the university at the age of twenty-one years. They are just as much a charge on the parent at twenty-four or twenty-five years of age as they are at twenty-one.

The CHAIRMAN: Order.

Mr. STEPHENSON: My point is well taken, because persons have claimed exemption on that ground, and they have had to pay the extra tax. Would any consideration be given to children attending a university who can supply a voucher that they are doing so until they have finished their various courses?

Mr. ABBOTT: I have dealt with this question each year on budget resolution to my certain knowledge for at least the last four years. I have given at length the reasons why it is felt that it is not justified to contribute out of tax money to the education of children at university. Since my hon. friend has made his little speech, I suppose I had better answer it again. The reason behind it is this. An exemption of $300 is allowed for children attending school or university up to twenty-one years. The normal exemption expires at eighteen. It is assumed that their ordinary arts course will be about finished by that time if they matriculate at seventeen. It may be true that some do not, but certainly it should not be the responsibility of the state to subsidize—because that is what it would be—the cost of university education, the post-graduate education or otherwise of these students. Suppose the average person sending children to college has an income of $4,000. The value of the amount of $300 exemption may be in the order of $45 or $50. The sum of $45 or $50 deduction is something, but it is not a substantial contribution toward the cost of sending that particular young person to the university. I think some other way must be found, if assistance is to be given for university courses, than a tax exemption. Anyway, that is the reasoning which lies behind the cut-off date at twenty-one years of age. I have given this reason year after year. That is the reason why the exemption stops at that point. Perhaps my heart or that of some other minister of finance may soften at a later day.

The CHAIRMAN: Order.

Mr. STEPHENSON: Mr. Chairman—

The CHAIRMAN: Will the hon. member kindly resume his seat? I have allowed this discussion, since I was under the impression that the point was whether or not this tax should be charged against those who did not pay the full income tax because they thought

there was an exemption for children going to university. I cannot allow the discussion to continue on that point. Does the resolution carry?

Mr. McLURE: I have sat here for two hours and forty minutes and did not rise to take part in the discussion. I do not think I should allow the opportunity to go by without saying something. I learned something from this discussion, though, and from the decision of the chairman. I learned that taxes and penalty are the same thing in the eyes of the government. They say that, according to the ruling, this was put in for income purposes and not as a penalty. I thought it was a penalty, but now it is worse than ever because the rate of interest charged is fifty per cent higher than it was in other years. It is from four per cent to six per cent.

Mr. ABBOTT: It used to be eight per cent.

Mr. McLURE: It was only six per cent. You have raised it from four per cent to six per cent, which is a fifty per cent increase. The purpose is to bring in more income to make still greater this huge surplus that has been boasted about. There is another side to it. While it is a splendid thing to be boasting about this great surplus, I suggest that if the minister's ear were to the ground he would have found that not only was this the greatest surplus in all the history of Canada but also that the cost of living today is the highest in the annals of Canada or of any other country.

The CHAIRMAN: Order.

Mr. McLURE: I come now to the reflection that has been made against those who are trying to pay their taxes, and I will speak of my own constituency. The people there are trying to pay their taxes, which perhaps are not quite as high, in proportion, as taxes paid in other places, owing to the absence of wealth on the same scale. However, the people there are being dogged, one might say, by tax collectors, letters and bills, especially the people in the low-income brackets. They are quite willing to pay, but they cannot get the money at the present time, and now the department comes to them and says: There is no redress for you; we are going to whip you with the lash of scorpions and charge you fifty per cent more interest if you don't come across and pay in 1947-48.

I do not think the Minister of Finance was responsible for putting that provision in there, increasing it from four per cent to six per cent. I believe some undue influence was brought to bear.

Mr. ABBOTT: No, he was all in favour of it.

[The Chairman.]

Mr. McLURE: I did not think he would be as hard as that on the people. I suggest to him now that this item should stand until he has given it further consideration, and possibly tomorrow he will propose that it be put back where it should be.

Resolution agreed to.

3. That special deductions from income or taxes be allowed to taxpayers engaged in exploring or drilling for natural gas, oil or minerals in respect of expenses incurred in 1949 operations on the same basis as the deductions allowed in respect of 1948 operations.

Mr. PROBE: What is the nature of these deductions?

Mr. ABBOTT: They are exactly the same as those that have been made for the last two or three years. They are made, as my hon. friend knows, for the purpose of encouraging the development of natural resources and particularly having regard to the desirability of increasing the development of such products as oil and petroleum, which for exchange and other reasons we are anxious to have in this country. The deductions are these. First, they are allowed a write off on off-property expenses for exploration purposes, which under ordinary circumstances, under ordinary rules, would be capital expenditures. They are allowed to charge these against profit and loss account.

Mr. ADAMSON: In toto.

Mr. ABBOTT: Yes. That rule is general for mines, oil and gas wells. In the case of what are known as deep-test wells—and incidentally these have to be certified as such by the Department of Mines and Resources,—the taxpayer is allowed credit, in addition to what I have stated, of thirty per cent of the cost of such deep-test wells against his tax liability on other operations.

Mr. PROBE: I am not quarreling at the moment with the fact that there is a deduction with the object of encouraging the exploitation of natural resources. However, the minister has not indicated whether we should interpret this resolution as suggesting that there is a comparable deduction for people who do drilling of other types required in primary production. I suppose the minister would say it is only with respect to drilling for natural gas, oil and minerals that this deduction could apply. As he knows, every year, at any rate since I have been in the House of Commons, a request has been made of the Minister of Finance for something corresponding to this type of deduction in favour of people who drill for water. This is a

matter of importance to the people in the area which I represent. In the Regina district, from Regina to Weyburn, in the heavy clay lands of southern Saskatchewan, the trend away from horse-drawn vehicles, and the tendency to get away from the raising of livestock, is, in my opinion, due in some measure to the cost of the deep wells that are necessary to provide water.

There has been some provision of surface water through various agencies provided by the Minister of Agriculture, but these are not a certain source of water supply and the farmers must drill deep wells down to 600, 800 and even several thousand feet. As a matter of fact, in the city of Regina our water supply comes from deep-bored wells. The city of Regina is not interested in this item, but rural residents of my area are, because if there is to be a reduction from income tax for the exploitation of natural resources by means of drilling, it would seem to me that drilling for the purpose of guaranteeing the production of primary necessities such as farm products and livestock, and the retention of livestock on the farms, should be taken into consideration and a proper deduction made from income tax, comparable with the deduction that is indicated in resolution 3.

Could the minister give some indication as to why there is that cut-off as between the exploitation of natural resources, of the type set out here, and the exploitation of primary products on the farm?

Mr. ABBOTT: This is not really in connection with the exploitation of natural resources. It is a form of incentive to encourage the expenditure of money to discover new sources of a particularly valuable product such as petroleum, in which the country is sadly deficient.

Mr. PROBE: We are also sadly deficient in water.

Mr. ABBOTT: But we do not have to import water from the United States, whereas we import petroleum products. This is a special type of legislation and that is why we continue it from year to year. The committee might be interested in the results obtained to date. These are deep-test wells, which are expensive operations:

Number of wells approved	32
Number of wells completed	28
Footage drilled for completed wells	226,260
Estimated footage for uncompleted wells	36,150
Number of successful wells	2

This last includes Imperial Woodbend No. 1, which came in this year as a crude oil producer, and Pincher Creek No. 1, which came in as a major wet gas producer but is being deepened in an endeavour to strike crude oil.

Estimated cost of completed wells .. $6,675,000

So it is clear that, unless something more happens, the fact is that, although people have put their own money into sinking these wells and tax credit has been given, results have not yet been produced. But it is done on a year to year basis. I do not think one could go into a large-scale system of assistance by tax credits for all types of natural products. I believe everyone is anxious to try to develop petroleum in this country particularly, because it is so essential to the economy of any modern country. When one must buy from outside the country, it involves exchange difficulties and the like. That is the reason why this special incentive legislation was brought in some years ago and has been continued from year to year. I personally am not yet convinced that it should be a permanent part of one's tax structure.

Mr. PROBE: I agree that there should be an incentive in some form—although I am not saying that this is the proper form—for the finding, exploration and exploitation of what natural resources we may have. That is commendable, although I see by the minister's own figures that he must have given a tax rebate of some $2,000,000, roughly, on those two producing wells we now have.

Mr. ABBOTT: Yes; over $4,000,000 has been spent and with little result so far.

Mr. PROBE: Yes. I am conceding that. But the saving in foreign exchange is not the primary motive, because, as the minister says, this form of tax rebate started some years ago. Boring generally of an exploratory or prospecting nature is being given tax credits. There is not uniform treatment with regard to our farming communities, where people must bore expensive and deep wells as compared with others. It so happens that where I farmed as a young lad we could get water at sixteen feet to twenty feet from the surface. But that is not true of the Regina district; and there is no compensation to the farmer comparable with this provision.

Mr. HARKNESS: To begin with, I should like to point out, for the benefit of the hon. member for Regina City, that there is no benefit to any oil company from these so-called special deductions, unless they have sufficient income from other wells or other sources so that they can deduct what would otherwise be a loss from the profit.

Mr. PROBE: I am arguing only against the restrictive feature of this clause.

Mr. HARKNESS: In other words, drilling an oil well is not comparable with drilling a well on a farm. I am certainly not going to talk against giving aid with respect to the drilling of wells on farms. But I should like to point out that the two things are not on a comparable basis.

Mr. PROBE: As the clause stands, exemptions for oil and water drilling are not comparable. I am not arguing your point with respect to oil.

Mr. HARKNESS: The point is that there is just no relation between the two things. For example, a company which owns a quarter of a section of land, drills a well on it and finds that the well is dry, gets no benefit from this whatsoever.

Mr. PROBE: No.

Mr. HARKNESS: Absolutely none. On the other hand, if a company has three wells which are producing oil and another one which is dry, they can get benefits under these clauses. In the last three years I have been urging—sometimes in strong language—the Minister of Finance to improve the so-called special deductions from income tax and so forth, in order to encourage the production of crude oil in this country. I am sorry to say that my representations up to date seem to have had no effect. I shall not repeat them at the present moment, inasmuch as I summarized them again this year in the debate on the address in reply to the speech from the throne.

However, I should like to ask the minister this question, first of all. What consideration has been given to making these so-called special deductions a part of the permanent tax structure? The oil people have been asking for that to be done for five or six years, at any rate, so that they would always be in a position to know what the situation was likely to be for the coming year. As it is now, they do not know whether or not they will have, in the following year, these deductions or this particular treatment with regard to taxation. That fact creates uncertainty. It reduces the amount of drilling which might go on. If for any reason the minister wants to change the tax structure, he can do so here in the house at the time he brings down his budget. I can see no reason in the world why these so-called special deductions and so forth should not be a part of the permanent tax structure of the country. Then the oil men would know where they stood. There would be a greater feeling of permanence among them with regard to their operations, and there would be more confidence. Before I go further, would the minister tell me what consideration has been given to doing as I have suggested?

Mr. ABBOTT: Some consideration has been given; as a matter of fact, a good deal of consideration has been given to whether it would be appropriate to make this a more or less permanent feature of our tax structure. But I felt that it was of such a special character that it should not yet be done. By the introduction of this legislation now, and the announcement that it will be in effect for 1949, those who are contemplating drilling are given a good long notice. They have, one might say, eighteen months at any rate. They could start a well now and have the full year of 1949 to do it in. Possibly at some later day—

Mr. HARKNESS: If the minister will excuse me for interrupting, I might point out that next February they will not have anything like that notice, or next March. In other words, they do not have it until the budget comes down. Just before the budget comes down they have a relatively short period in which they do not know what the situation is.

Mr. ABBOTT: They know now. We are saying now that throughout 1949 this will be available. Under ordinary circumstances, budgets are brought down some time before the middle of the year and as nearly as possible in March or April, because that is the time at which the estimates are prepared and at which it is possible to prepare a budget. They would have at least seven or eight months before the end of 1949 to know whether the deduction would be available for 1950. I have not had any serious complaint, from those who are interested in this deduction, that there was not sufficient notice given to enable them to take advantage of it if they desired to do so. I have not felt that it is desirable yet to incorporate this as a permanent part of the tax structure.

The CHAIRMAN: Shall the resolution carry?

Some hon. MEMBERS: No.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN: We are considering the Income War Tax Act resolutions, and had been discussing resolution 3.

Mr. HARKNESS: When the committee rose at six o'clock I was on the point of asking the minister, through you, Mr. Chairman, as to the regulations in effect so far as deep-test well tax deductions are concerned, and as to the depth to which it is necessary to drill in order to obtain that concession. I was interested to hear that the Woodbend well of Imperial was one which came under that provision. I wanted to know how far to the east a man could drill and still come under that provision.

Mr. ABBOTT: I do not know that I can give my hon. friend an answer at once. As he is aware, the question as to whether a deep-test well is one which qualifies under the provisions of the resolution is determined by the Department of Mines and Resources. My understanding is that the geologists or other officials of that department consider the circumstances in a particular case and approve, or otherwise, a particular project as a deep-test well qualifying under the legislation. However I cannot say as to what the depth is. I shall get the information and give it to the hon. member later this evening.

Mr. HARKNESS: As the minister said at the beginning of this discussion, this is incentive legislation. I should like to make again the point I have made on several occasions before, namely, that it does not provide sufficient incentive. I would ask the minister once more to consider the various requests made to extend the deduction in various ways, that is in respect of deep-test drawback, depletion allowance and the like, so as to provide increased incentive to people to drill oil wells. I believe it is agreed by all that one of the things we need in Canada more than anything else at the present time is an increased production of crude oil, so as to make ourselves independent in respect of that important resource, particularly in view of the current shortage in the United States, which has been our chief source of supply. I suggest that this whole matter of incentive provided to people to drill oil wells might very well be reviewed, with a view to improving the legislation and increasing the incentive.

Mr. LOW: I agree with what has been said by the minister in connection with resolution 3. I believe he has accomplished many things by placing this provision in the act, and making it applicable to gas and oil wells. I was interested this afternoon, however, to hear what the hon. member for Regina City had to say, although I know his remarks may not have come strictly within this resolution.

In many sections of Canada, particularly in southern Saskatchewan and in areas such as the northern Peace river district the farmers do have to spend considerable sums of money to obtain water. Many times they have to go down 4,000 or 5,000 feet in order to get an ample supply. While I am satisfied that special legislation should not be passed, such as that which has been passed to induce exploration and discovery in connection with oil and gas, yet some provision should be made for a more liberal allowance as an exemption from income tax, so that a farmer could take care of that capital cost over a period of years. It is a costly process in many instances to get water in these areas.

Mr. BRYCE: I am sorry I was not able to be in the house this afternoon, and because of that I may have lost contact with what has been said about obtaining water, the subject to which the hon. member for Peace River has referred. I have run up against that difficulty, myself, in connection with boring a well. My well cost me about $700. I thought it would be only fair that I should be allowed to take that off my income tax over a period of years. It is something that is useful for a long time.

I hope the minister will give this matter consideration. I do not wish to discuss it in further detail, however, because I do not know what has already been said. Perhaps I should ask to be excused for butting in at this time. I think, however, it is something to which the department should give consideration.

Mr. ABBOTT: The matter was discussed at some length. The hon. member for Regina City pointed out that the drilling of wells for water in certain sections of Canada, particularly his own section, involved a very considerable capital expenditure, because they have to go down to great depths.

Hon. members in the committee will realize that this question of capital expenditures in connection with the drilling of wells for water, or other things, is a broad one. I have taken careful note of the representations made. Perhaps I should say to the committee that

it involves an important principle, namely the distinction between capital expenditures and expenditures for revenue. Obviously these expenditures made for deep-test oil wells are capital expenditures, and they are so recognized in this legislation. This special tax concession, or whatever one cares to call it, is a special type of legislation to encourage this particular type of search for petroleum. I have serious doubts as to whether one can employ that general principle in connection with capital expenditures in drilling for water or other things. The matter has been brought to my attention, however, and I shall consider it.

Mr. BRYCE: You cannot get milk without water.

Mr. HARKNESS: I was going to say something about water. Can the minister say whether a well bored on a farm, from which a man gets water, can be depreciated. I have an idea that it can be, but I am not sure. I believe it is two or three per cent a year.

Mr. ABBOTT: I do not know what the rate would be; but a capital expenditure of that kind, creating a capital asset, could of course, be depreciated in accordance with the appropriate rules for that type of asset.

Mr. LOW: I think it is provided at five per cent.

Mr. HARKNESS: There is just this further point in connection with the matter. I have upstairs a letter from a man who complains that he spent about $1,200 in drilling a well for water, and that he failed to get water. He had to go ahead and drill another one. He was not complaining about the second well from which he got the water, but he did complain bitterly when he was not allowed anything in respect of income tax in connection with the dry well. He was of the opinion that the expense he had in drilling that dry hole should have been considered for income tax purposes, and that he should either be able to depreciate it over a period of years, or be allowed it as a straight expense. Could the minister give us any information or tell us what might be done in those circumstances.

Mr. ABBOTT: I am afraid I cannot do that offhand. I could not give a definite answer. This question, of course, as to what is a capital expenditure, and what proportion of it can be charged to current income, is one of the most difficult and complex parts of any income tax law. In the revision of the old act and the preparation of the new this one thing has perhaps given us more difficulty than almost any other. I certainly would not want to hazard any offhand opinion here in committee as to what rule should be followed.

Speaking generally, the rule is that a man has a right to depreciate capital assets over the earning life of the capital asset. Depreciation is allowed at varying rates on varying types of asset. Whether a dry water-hole could be written off in the same way as off-property exploration for oil I would not undertake to answer offhand.

Mr. HARKNESS: If you get water you can depreciate on the basis of the tubing you put in and so forth. I think that is the basis upon which it is worked. You can write off a certain amount of depreciation, but apparently you cannot charge a hole that is dry as an expense for income tax purposes. It is just a dead loss, and this does not seem fair.

Mr. ABBOTT: That may be. I do not know offhand just on what basis one could justify a deduction from income tax, which means a deduction from federal revenues, for an unproductive capital expenditure. If you accepted that principle I think you would have to expand it to a much wider field than the drilling of wells where you do not find water. The general principle on which depreciation is allowed is that you depreciate on the cost of a productive asset. The theory is that you take something which is a wasting asset, and you are entitled to get your capital back and not pay a tax on income for something that is not income. In a good many cases people make capital expenditures which are unproductive; risk capital is ventured in things which do not produce results. The fellow who risks it has to take his loss.

Mr. HARKNESS: Drilling a well on a farm does not come under that.

Mr. BENTLEY: Let me tell the minister a thing or two. He said that he would not like to give an answer offhand, but it should not be necessary to give an answer offhand. For at least three years the united farmers of Canada and the Alberta farmers' union have

been submitting briefs along this line. They should have given the minister and his predecessor and the departmental officials an opportunity to discuss this matter among themselves and to have a reply ready.

I leave that for the moment. The minister has said that venture capital put into the digging of a well that turns out to be unproductive is a difficult thing to allow for purposes of taxation. Granted that it is, but by this resolution we are giving exactly that privilege in connection with exploration for oil. If you strike oil you usually strike something that is productive for a long while. That oil will be used to operate cars and machinery and do many other things. That may be used to operate cars and machinery and do many other things. That may be much more spectacular than the pail of water which goes into a cow or a horse, but we must not forget that if you strike all the oil in the world and do not have enough water your oil will not do you much good.

You have to have beef to move around in your trucks that are being operated by your gasoline. You have to have many other things to be used in a similar way. When a man puts capital into digging a well and gets a dry hole it is a serious matter. Anyone who knows anything about farming knows how difficult it is to haul water in a tank for long distances. It is an expensive and arduous farming operation, one that must be carried on in both winter and summer.

We need stock in this country. The farmers can only do what the oil people do, survey their land and get an expert with a willow or some other fellow to try to find water the best way he can. Even with all the advice or experts they can get, they sometimes do not get any water after drilling many hundreds of feet. It cost a lot of money to do that. If there is no water it means that they have either to return to the old method of tanking or else to try again. Eventually it may mean the difference between a prosperous farm, one that is just barely getting by, or one that is actually going in the hole.

If the minister is not prepared to give an answer tonight I suggest that he give serious study to the submissions made last year, the year before and, I think, the year before that by the farm organizations and to the representations made here tonight.

Mr. ADAMSON: I should like to say a brief word about this. First, there is probably nothing that is more important to Canada today than the development of a real oil field. We have indications of an oil field in Alberta that may possibly become a major field. This is the first time in our history that such a statement can be made. The oil is apparently a heavy type crude, which would seem to indicate a large reservoir of oil. Great possibilities open up for that part of Canada, and when I say that I ask the committee to think of the effect on the whole of Canada. If we can develop a major oil field a great part of our dollar difficulties as well as those facing our whole economy can be solved, because we shall be able to produce the essential fuel to drive the machinery of this country and to utilize the petroleum industry in a way we have never been able to do before.

I am entirely in favour of this resolution. I should have liked to have it made a permanent part of our tax law. We have the indication, and it is certainly the hope that a major field at Leduc will be developed. As yet we cannot say that is the case, but it is encouraging. The development of a major oil field takes usually a matter of years, not just one or two. That is so, despite the surprising successes recently in Texas and in California in previous years. The development of an oil field represents hundreds of millions of dollars of venture capital. I say that advisedly, because that is what it has cost to develop major oil fields throughout the world.

I want to suggest to the minister and to the committee that those who, in the years to come, will make available the venture capital which we hope and pray will develop an oil field, should be given encouragement that, if they lose, they will at least be able to get back their venture capital if they are successful elsewhere. I think that is all anyone who risks capital can ask. If he loses he loses, but if he loses in one place and hits oil in another he should be able to recoup for his dry wells through the wells which are producers.

I do not think there is anything more revealing in this whole matter than the state-

ment by the minister that up to the end of 1947, out of some thirty-two deep wells, only two have become producers; two out of thirty-two, or a proportion of one in fourteen, or just a little better than a seven per cent bet. The average depth of these wells is from 8,000 to 10,000 feet and it costs several hundred thousand dollars per well to drill. I suggest to the minister that if he intends to encourage big capital to come in and develop this country he will have to say: These are the rules, gentlemen, for a period of years, and we are not going to change them next year or the year after, so you know what the conditions will be for a period of years and you can go to bat, knowing the rules of play and the condition of the field. That is very important.

One thing more. There have been in the province of Alberta one or two most encouraging discoveries, including a discovery of brine, which I understand is second to none in the North American continent and perhaps in the world. It may be the foundation of a great chemical industry in that province. Given fuel and the possibility of a chemical industry, the dream that we have had of an industrialization of the west may possibly be realized. All the internecine and interregional difficulties that we have in Canada would be overcome if we could only build up an industrial west. I suggest that every possible encouragement should be given to anybody who explores for anything, whether he hits brine or oil or new deposits of metal or anything else. So long as he is risking his capital for the development of the natural resources of this country, the rule should be that he will not be taxed until he gets his capital back.

We have hopes of a great new nickel deposit in northern Manitoba and hopes that there may be a great new copper-zinc development in that same area; development here too should be pushed. Our troubles are troubles of regionalism and sectionalism, and if we can only encourage the development of these areas in which people now hesitate to risk capital because of the uncertain taxation future, we shall indeed make Canada a union, instead of having a split country comprising the central provinces, the west, and the maritimes. Therefore I suggest to the minister that every possible encouragement

[Mr. Adamson.]

be given to anybody who wishes to explore, whether it be for oil, brine, coal, or even for deep-test wells for water, which is so essential to farming. Anybody who is prepared to risk his capital to do something for the development of this country should get recognition under this clause.

First, I suggest that this clause should be made a permanent part of the tax law of Canada. I also suggest that it should be more embracing, to cover all those who are engaged in prospecting, now a dying profession, developing oil or gas or in speculative pioneering work for the development of any of the mineral resources of this country. Nothing is more speculative than mining or oil drilling. We had a very successful year in 1947; yet only one in fourteen of the holes drilled struck oil. I ask any hon. member of this committee, would he bet at a race track if he expected to back only one winner in fourteen?

Exploration and development for oil involve the expenditure of hundreds of millions of dollars and the odds in your favour are only one in fourteen. I ask the minister to grant the man who risks his capital in the development of this country the full allowance for his capital before he begins to be taxed. I think that would help to solve our problems: first of all, the development of a major oil field, and secondly, the development of a great industrial belt east of the Rocky mountains.

Resolution agreed to.

4. That, for the 1948 taxation year, no expenses in respect of the earning of wages or salary may be deducted except where a taxpayer is an employee of a person whose principal business is transport and his duties require him to be absent from his home regularly, in which case expenses for board and lodging may be deducted, and where a taxpayer is employed to sell property or negotiate contracts, is required to pay his own expenses and performs his duties away from his employer's place of business, in which case expenses may be deducted from commissions or other fees; and . . .

Mr. FLEMING: The effect of this resolution is confined to those whose income consists of wages or salaries earned.

Mr. ABBOTT: Perhaps my hon. friend would allow me to make a brief explanation.

Mr. FLEMING: Perhaps the minister would cover these two points in his explanation: first,

whether the definition of wages and salaries will include commissions. The other point has to do with the position of railway pullman conductors and others of the running trades who have to lie over. There have been several rulings by the Department of National Revenue dealing with these cases, and at the present time the ruling is, I think, to the satisfaction of the running trades. I should not like to see anything come out of this resolution to impair the position enjoyed by the running trades under the existing ruling.

Mr. ABBOTT: I am glad that my hon. friend has brought up that point. The main purpose of this resolution is to make statutory the provision in the Income War Tax Act with respect to the deduction of travelling and other expenses from salaries and wages received by railway employees. The general rule of the Income War Tax Act for years has been that salaries and wages as such are net income, but an exception has existed to that rule since away back in the early 1920's with regard to certain railway employees who were paid on a mileage basis.

Mr. KNOWLES: Or on an hourly basis.

Mr. ABBOTT: Yes. By a ruling, that was extended last year to other groups of railway employees doing similar work such as parlour-car conductors, pullman attendants and so on. It seemed equitable to extend the provision to those who are engaged in the transportation industry. Those who were engaged in that industry, railway conductors and drivers of buses, for example, have to leave their home at a given day and go, let us say, from Montreal to Toronto and stay there overnight. They have to pay for their board and lodging overnight, and come back to their homes the next day. The same thing applies to pullman conductors and parlour-car conductors. I suppose the same thing applies to men operating buses.

Mr. BENTLEY: Does it include truck drivers?

Mr. ABBOTT: Yes, transport drivers. The effect of the proposed amendment is to give statutory recognition to what has been recognized in the last year or so by an administrative ruling of the Department of National Revenue. It is being restricted, as I say, to people who are engaged in that type of activity. It is being done, because it has been recognized in the case of these workers over a great many years that this is a proper type of allowance. In a good many other cases it can be charged as an expense, or it will be paid for by the employer and charged as an expense by him. In certain other cases it is included in the wage scale, but in the case of railway workers that wage scale or salary scale has become pretty well fixed by tradition, and does not include any provision for board and lodging expenses of this kind. That is the purpose of this proposed amendment. I cannot recall whether my hon. friend had any other question.

Mr. KNOWLES: Before the minister leaves the point of railway workers, will he answer one or two more points for clarification? He spoke of the line that was drawn until perhaps a year and a half ago between railroad train conductors on the one hand and sleeping-car conductors on the other. I take it that it is now quite clear and statutory that sleeping-car conductors get the same benefit as train conductors. There was one other group that was always a problem, namely the sleeping-car porter.

Mr. ABBOTT: They are included. The proposed legislation which will be based on this resolution covers workers engaged in that industry. It will cover such people as porters, sleeping-car conductors, travelling telegraphers who have to be sent away overnight for purposes of relief and so on. It covers those engaged in this particular field because of two things: first, because of the nature of their work, and, second, because of the particular wage structure in that occupation.

The second point which the hon. member for Eglinton referred to had to do with the question of commissions. This will allow a deduction from gross commissions of expenses incurred in earning those commissions, if the nature of the commission earner's salary is such as to require him to pay his own expenses and perform his duties away from his employer's place of business. In that case expenses may be deducted from the commissions or other fees. It seemed reasonable that that should be done. It could not be deducted, of course, from salary; it could only be deducted from the portion of his remuneration which was based on commissions.

Mr. JACKMAN: Why do you put this in statutory form?

Mr. FLEMING: I am glad that the minister is taking the action proposed with reference to pullman conductors and others. I wonder if he will just clarify one point. He has indicated that the administrative ruling which was made about a year ago is to be given statutory effect by the resolution. I should like to be sure that there will not be any conditions introduced in the statute that would narrow the effect of the administrative ruling, because that was a good and sound ruling. In looking at the equities of the situation, I think it was fair. I may say I had some occasion to go into it, because I was acting for a number of these pullman conductors. I want to be sure that there will not be any condition attached by the statute.

Mr. ABBOTT: I agree with my hon. friend that it is fair. There will not be any conditions in the statute. I think that, under the law as it stands, there was no statutory justification for the ruling which was given. I question whether the law as it stands justifies that deduction. As I have said, this proposed amendment is to give statutory recognition to a practice which has prevailed for twenty-five years in connection with the running trades which are paid on a mileage or hourly basis. It will be extended to others who perform similar services but who are paid on a somewhat different basis. It will cover trainmen, engineers, parlour-car conductors, parlour-car porters, and others of that kind, who, in the performance of their duties, are required to be away from home overnight, but it will not apply—it never did apply—to train crew on yard engines, for instance, who are operating switching engines in the yards. I may say I discussed this matter at some length with the representatives of the railway brotherhoods, and they assured me that, in the case of yard enginemen, yard trainmen, yard foremen and so on, they were not entitled to claim deductions of this kind, and were not claiming them. It is for those whose duties require them to be away overnight in the performance of those duties. They can claim their actual expenses for board and lodging.

Mr. FLEMING: The doubt expressed by the minister as to the—

Mr. BENTLEY: Who is doing the talking, Mr. Chairman?

[Mr. Jackman.]

The CHAIRMAN: The hon. member for Eglinton has another question.

Mr. FLEMING: A doubt has been expressed by the minister with respect to the legality of the ruling. I take it that it will not be intended on this statute coming into effect to upset the ruling which was applied in earlier years.

Mr. ABBOTT: Oh, no, of course not.

Mr. BENTLEY: I want to ask the minister two questions. The questions have to do with two different parts of this resolution, and I shall ask them one at a time, if I may. The minister said that all the running trades on the railroads, also bus drivers and truck drivers who are required to be away from home are included.

Mr. ABBOTT: If they are engaged by a transport company.

Mr. BENTLEY: Yes, of course. That would apply also to air transport crews?

Mr. ABBOTT: Yes.

Mr. BENTLEY: Does it apply to water transport crews, crews on canal boats or lake seamen, or even seamen on the salt water?

Mr. ABBOTT: No. This applies to what I might describe generally as the overnight type of employee, the man who is not away for extended periods of time. The others should be taken care of now either by the employer or by the wage scale. But there are a great many transport workers, railway employees, bus drivers, truck drivers, aeroplane pilots and so on, who have a home at a given place where they spend most of their time, but their duties are such as to require them necessarily to be away overnight at the end of their run, and they have to make an expenditure for board and lodging which, if they could go home at night, they would not have to make. For instance, it does not apply to deep-water seamen who may be away for four or five months at a time, or, to a lesser degree, to those who operate on the lakes.

Mr. BENTLEY: I thank the minister for that answer. The resolution goes on to say:

. . . and where a taxpayer is employed to sell property or negotiate contracts . . .

It almost looks as if it refers to one who is engaged in the sale of real estate. I notice

that it does not say goods or merchandise. I wondered why it was worded in that way.

Mr. ABBOTT: I am told by my legal advisers that property is all-inclusive there, and as a lawyer I would agree with that. It includes property movable and immovable. It is intended to describe in the resolution the sale of tangible assets; and negotiation of contracts refers to such things as arranging the sale of an insurance policy, and that sort of thing. The essence of it is that if a man is engaged on a commission basis and receives his remuneration in the form of a commission he may deduct from those gross commissions the expenses he is put to in earning them.

Mr. KNOWLES: I have one other question with respect to the other part of this resolution. The hon. member for Eglinton just asked the minister whether his doubt about the legality of the administrative order would have any continuing effect. Perhaps I should ask my question of the Minister of National Revenue. Has that administrative order been carried out in the last year and a half or the two years that it has been in effect in all parts of Canada? The reason I ask that is that one has sleeping-car conductors and sleeping-car porters speaking to him about these matters on the train. Although the men in the west learned of the provision and were able to take advantage of it, I have learned that sleeping-car conductors and porters on the trains in the east, in the city of Montreal, for example, were not allowed that deduction.

Mr. ABBOTT: I find that hard to understand, because the railway brotherhoods, after the ruling was made either last year or the year before, sent out a circular. I have a copy of it.

Mr. KNOWLES: So have I.

Mr. ABBOTT: That circular went to all their employees, and I believe my colleague will confirm me when I say that the income tax inspectors have recognized that ruling since that time.

Mr. KNOWLES: There is no doubt but it was supposed to apply to 1947.

Mr. ABBOTT: I think it applies only to 1947.

Mr. McLURE: Will the minister tell me how this provision takes care of commercial ambassadors or, as they are sometimes called, commercial travellers. They operate on a commission basis in most cases, and in some cases on the basis of salary plus commission, paying their own expenses.

Mr. ABBOTT: If the commercial traveller is exclusively on a commission basis he gets his expenses anyway, and has always got them. He is entitled to deduct his expenses. In the case of the ordinary commercial traveller who is an employee, it frequently happens that the employer pays his expenses. He goes away on a trip and keeps track of his expenses and turns them in to his employer, and when he returns, those expenses are paid. They are an expense of the employer, and not income of the employee. This relates to the independent operator, the fellow who is not engaged as an employee by anybody but operates pretty much as an independent agent on a commission basis. He is entitled, and quite properly so, to deduct his expenses. The ordinary commercial traveller who works for X company is entitled to turn in his expense account to his employer, who pays the account, and that is not part of his taxable income.

Mr. BLACK (Cumberland): I do not suppose the minister wants this to apply to members of the House of Commons. They are in the running trade, however, because the member is required to be "absent from his home," especially those from the maritime provinces, for long periods. The language of this resolution refers to the man whose duties "require him to be absent from his home regularly, in which case expenses for board and lodging may be deducted". I wish to warn the minister that he may be involved in a legal contest in the supreme court, and therefore I should not like to see him pass this legislation too hastily.

Mr. ABBOTT: We members of parliament are engaged in all kinds of running.

Mr. KNOWLES: Many people run but do not get here.

Resolution agreed to.

5. That the 15 per cent income tax on non-resident persons be extended to apply to patronage dividends paid on or after May 19, 1948.

Mr. BURTON: Approximately how many people will be affected by this provision, and what is the estimated amount of revenue involved?

Mr. ABBOTT: I cannot say; but I should think it would be small, because most members of co-operatives are residents of Canada, and consequently the patronage dividends they receive would be income in Canada. It was felt, however, that there might well be members of co-operatives who would be in receipt of patronage dividends while living outside Canada, and since patronage dividends are income in the hands of residents of Canada, it seemed appropriate that non-residents who receive them should pay the regular non-resident tax, which is at present fifteen per cent on income received from Canada. I have no information as to what the amount would be. I should think, from general knowledge, it would be pretty small. It appeared to be the logical move. Since recipients of patronage dividends in Canada include such dividends in their income for tax purposes, it seemed only proper that non-resident recipients of similar dividends should pay the regular non-resident tax, which is fifteen per cent. The recipient can take credit for it in his income tax return in the country in which he resides.

Mr. BURTON: I thank the minister for the statement he has made, but I am curious to know what brought this matter to the attention of his advisers. What caused them to deem it necessary to bring this in? Surely there must have been some reason that prompted the minister's advisers to suggest it.

Mr. ABBOTT: I have inquired about it, and I do not know that there was any special reason that brought it to the attention of my tax advisers. But, as members of the committee know, these tax questions are under constant consideration, particularly by officers of the finance department, whose special job it is to be considering representations with respect to tax matters, and legislation in connection therewith. It was suggested to me that it was appropriate that this type of income should be subject to the non-resident tax, patronage dividends being subject to taxation. This is a comparatively new departure. It is only in the last two or three years that we have had this provision in the act. That is the only explanation I can offer. We have always taxed dividends going abroad, and the purpose of this is simply to make sure that the technical provisions of the act shall cover patronage dividends as well as dividends paid by ordinary stock companies.

[Mr. Burton.]

Mr. BURTON: Once again I thank the minister, but I may say to him that I would feel much happier if he could assure me that the action taken a year or so ago in taxing patronage dividends was not simply the thin edge of the wedge. Can he assure me that there will not be a gradual extension of this line of taxation?

Mr. ABBOTT: Oh, no. It was not the thin edge of the wedge. I do not think there has been any serious suggestion that patronage dividends should not be considered as income. Those of us who are interested in the co-operative movement have recognized that patronage dividends received by the owners of a co-operative are income and subject to taxation. That has not been questioned. There has been serious difference of opinion as to whether some other things should be subject to taxation, but there has been no question that patronage dividends are properly income and, as such, taxable in the hands of the people who receive them. All we propose is that the non-resident who receives dividends of this kind should pay the same non-resident rate of taxation that any other non-resident pays in respect of income received from Canada. That is all the amendment does.

Mr. BURTON: I have no desire to protect the non-resident, but I was interested to know what brought this on.

Mr. ABBOTT: There is nothing else behind it.

Resolution agreed to.

CUSTOMS TARIFF

1. Resolved, that it is expedient to introduce a measure to amend the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended, as follows:—

(a) By repealing subsection one of section three and substituting the following:—

"3. (1) Subject to the provisions of this act and of the Customs Act, there shall be levied, collected and paid upon all goods enumerated, or referred to as not enumerated, in schedule A to this act, when such goods are imported into Canada or taken out of warehouse for consumption therein, the several rates of duties of customs, if any, set opposite to each item respectively or charged on goods as not enumerated, in the column of the tariff applicable to the goods, subject to the following conditions, viz.:

(a) The rates of customs duties, if any, set forth in column (1), 'British preferential tariff', shall apply to goods the growth, produce or manufacture of the following British countries when conveyed without transhipment from a port of any British country enjoying the benefits of the British preferential tariff into a sea, lake or river port of Canada:

United Kingdom of Great Britain and Northern Ireland
Union of South Africa
Australia
New Zealand
India
Pakistan
Ceylon
Eire
Newfoundland
British West Indies, including:
  Bahamas
  Jamaica
  Barbados
  Trinidad and Tobago
  Antigua
  St. Christopher-Nevis
  Dominica
  Montserrat
  Virgin Islands
  Grenada
  St. Vincent
  St. Lucia
  Turks and Caicos islands
Ascension
Bermuda
British Guiana
British Honduras
British North Borneo
Brunei
Basutoland
Bechuanaland Protectorate
British Solomon islands Protectorate
Cyprus
Channel islands
Cayman islands
Cameroons, British sphere of the
Cook islands
Fiji
Falkland islands
Gold Coast
Gambia
Gilbert and Ellice islands
Isle of Man
Kenya Colony and Protectorate
Malay States, Federated
Malay States, Unfederated—
  Johore
  Kedah
  Kelantan
  Perlis
  Trengganu
Malta
Mauritius and dependencies thereof
Northern Rhodesia
Nyasaland Protectorate
Nigeria Colony and Protectorate
New Guinea
Norfolk island
Nauru, Mandated Territory of
Papua
St. Helena
Southern Rhodesia
Sierra Leone
Straits Settlements
Seychelles
Sarawak
Somaliland Protectorate
Swaziland
Tanganyika Territory
Togoland, British sphere of
Tonga or Friendly islands
Uganda Protectorate
Western Samoa
Zanzibar

Any other British colony or protectorate or territory under British trusteeship, admitted to the benefits of the British preferential tariff in Canada, in the manner hereinafter provided;

Provided, however, that goods entitled to the benefits of the British preferential tariff shall be accorded such benefits when such goods are shipped on a bill of lading consigned to a consignee in a specified port in Canada when such goods are transferred at a port in a British possession, and conveyed without further transhipment into a sea, lake or river port of Canada;

(b) The rates of customs duties, if any, set forth in column 2, 'most-favoured-nation tariff' shall apply to goods the growth, produce or manufacture of any British or foreign country to which the benefits of such most-favoured-nation tariff shall have been extended in the manner hereinafter provided or to goods the growth, produce or manufacture of any foreign country to which the benefits of the intermediate tariff applied on May 1, 1948, when imported into Canada direct from a country entitled to the benefits of the most-favoured-nation tariff;

(c) The rates of customs duties, if any, set forth in column (3), 'General Tariff', shall apply to all goods not entitled to admission under the most-favoured-nation tariff or under the British preferential tariff, or to goods entitled to rates of customs duties more favourable than those of the British preferential tariff;

(d) Proof of origin, as prescribed by the minister, shall be furnished with the bill of entry at the customhouse for goods admitted to entry under any of the tariffs in schedule A; and the decision of the minister shall be final as to the tariff or surtax applicable in any case to imported goods by reason of their origin;

(e) Goods for which entry is claimed under the most-favoured-nation tariff must be bona fide the growth, produce or manufacture of a country which has been admitted to the benefits of the most-favoured-nation tariff and a substantial portion of the value of each manufactured article must have been produced by the industry of such country,

(f) Every manufactured article to be admitted under the British preferential tariff must be bona fide the manufacture of a British country entitled to the benefits of the British preferential tariff, and a substantial portion of the value of the manufactured article must have been produced by industry in one or more of such countries."

(b) By repealing subsection one of section four and substituting the following:

"4. The governor in council may, by order, from time to time:

(a) Extend the benefit of the British preferential tariff, in whole or in part, to any British colony or any protectorate or territory under British trusteeship not named in paragraph (a) of section three, and from and after the date specified in such order the British preferential tariff shall apply to goods the growth, produce or manufacture of such colony, protectorate or territory, subject to the provisions of this act;

(b) Withdraw the benefit of the British preferential tariff, in whole or in part, from any British country or colony or any protectorate or territory under British trusteeship, which has received the said benefit, and from and after the date specified in such order the most-favoured-nation tariff or the general tariff, as mentioned in the said order, shall apply to goods the growth, produce or manufacture of any such British country, subject to the provisions of this act;

(c) Extend to any British country the benefit of rates of customs duties more favourable than those of the British preferential tariff, and from and after the date specified in such order the rates of duties so ordered shall apply to goods the growth, produce or manufacture of such British country, subject to the provisions of this act;

(d) Withdraw from any British country to which they have been extended rates of customs duties more favourable than those of the British preferential tariff, and from and after the date specified in such order the British preferential tariff, the most-favoured-nation tariff or the general tariff, as directed in the said order, shall apply to goods the growth, produce or manufacture of such British country, subject to the provisions of this act;

(e) Extend the benefit of the most-favoured-nation tariff, in whole or in part, to any British or foreign country goods, the growth, produce or manufacture of which have previously been subject to the rates of customs duties set forth in the general tariff, and from and after the date specified in such order the rates of duty set forth in the most-favoured-nation tariff, so far as they are mentioned in the said order, shall apply to goods the growth, produce or manufacture of such British or foreign country, when imported into Canada direct from a country entitled to the benefits of the most-favoured-nation tariff, subject to the provisions of this act;

(f) Withdraw the benefit of the most-favoured-nation tariff, in whole or in part, from any country to which it has been extended, and from and after the date specified in such order the rates of customs duties set forth in the general tariff shall apply to goods the growth, produce or manufacture of such country, subject to the provisions of this act;

(g) Every order passed under the authority of this section shall be published in the *Canada Gazette*."

(c) By repealing section six and substituting the following:

[Mr. Abbott.]

"6. (1) In the case of goods exported to Canada of a class or kind made or produced in Canada, if the export or actual selling price to an importer in Canada is less than the fair market value or the value for duty of the goods as determined under the provisions of the Customs Act, there shall, in addition to the duties otherwise established, be levied, collected and paid on such goods, on their importation into Canada, a special or dumping duty, equal to the difference between the said selling price of the goods for export and the said value for duty thereof; and such special or dumping duty shall be levied, collected and paid on such goods although not otherwise dutiable.

(2) The special duty imposed by the preceding subsection shall in no case exceed fifty per cent ad valorem and the following goods shall be exempt from such duty:

(i) Goods of a class subject to duty under the Excise Act;

(ii) Goods which though of a class or kind made or produced in Canada, are not offered for sale to the ordinary agencies of wholesale or retail distribution or are not offered to all purchasers on equal terms under like conditions, having regard to the custom and usage of trade;

(iii) Goods or classes of goods declared exempt by any order or regulation made by the governor in council.

(3) Duties and taxes imposed in the country of export shall be disregarded in estimating the value for the purpose of the said duty.

(4) 'Export price' or 'selling price' in this section means the exporter's price for the goods, exclusive of all charges thereon after their shipment from the place whence exported direct to Canada.

(5) If at any time it appears to the satisfaction of the minister that the payment of the special duty by this section provided for is being evaded by the shipment of goods on consignment without sale prior to such shipment, the minister may in any case or class of cases authorize such action as is deemed necessary to collect on such goods or any of them the same special duty as if the goods had been sold to an importer in Canada prior to their shipment to Canada.

(6) If at any time it appears to the satisfaction of the minister that any person owning or controlling or interested in a business in Canada and also in any other country, or any person carrying on a business in any other country and owning or controlling or interested in a business operating in Canada, and by reason thereof is enabled to import goods for further manufacture or assembling or for resale, and while complying with the legal requirements on importation disposes of such imported goods, whether in the form as imported or as further processed, assembled or manufactured, at prices below the duty paid value thereof as entered at customs plus or including all charges upon the goods after shipment from the place whence exported direct to Canada, including sales, distribution and advertising costs, and plus, if any, the cost of processing, assembling or further manufacturing in Canada, the minister may declare that goods of such class or kind were and

are on importation subject to an additional special or dumping duty not exceeding fifty per cent, and authorize such action as is deemed necessary for the collection thereof.

(7) If the full amount of any special duty of customs as herein provided has not been paid on goods imported, the customs entry thereof shall be amended and the deficiency paid upon the demand of the collector.

(8) The minister may make such regulations as are deemed necessary for carrying out the provisions of this section and for its enforcement.

(9) For the purpose of this act goods shall not be deemed to be of a class or kind made or produced in Canada unless so made or produced in substantial quantities; and the governor in council may provide that such quantities, to be substantial, shall be sufficient to supply a certain percentage of the normal Canadian consumption and may fix such percentages."

(d) By repealing section eighteen.

2. Resolved, that schedule A to the Customs Tariff be amended by striking thereout tariff items 15, 65a, 82(b), 82(c), 180d, 186, 199g, 208i, 211b, 216d, 232e, 269, 271, 274, 275, 296b, 296e, 326c, 328, 349b, 359, 364, 386(d), 386(p), 392a, 403(a), 410a, 410h, 410m, 410n, 410o, 410o(ii), 410q, 410w, 410y, 412, 413, 427c, 427f, 431c, 431d, 431g, 437, 438b, 438c, 438d, 438e, 439c, 442d, 445m, 445n, 445o, 476, 539, 587, 587b, 657, 682a, 692 and 693(iii), the several enumerations of goods respectively and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

Tariff Item	—	British Preferential Tariff	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
15	(i) Beeswax, unrefined	Free	Free	Free	Free	Free	20 p.c.
	(ii) Beeswax, refined but not bleached	Free	15 p.c.	20 p.c.	Free 15 p.c.	18 p.c. 15 p.c.	20 p.c. 20 p.c.
	(iii) Beeswax, n.o.p.	15 p.c.	15 p.c.	20 p.c.	15 p.c.	15 p.c.	20 p.c.
20b	Illipe butter	5 p.c.	10 p.c.	25 p.c.	15 p.c.	20 p.c.	25 p.c.
65a	Special dietary breads and biscuits under regulations of the Department of National Health	Free	7½ p.c.	10 p.c.	Free	7½ p.c.	10 p.c.
79d	Mulberry trees, cuttings, roots and buds, for sericultural purposes	Free	Free	30 p.c.	12½ p.c.	12½ p.c.	30 p.c.
82	(b) (i) Raspberry, loganberry and blackberry bushes or roots.....each	Free	1 ct.	1 ct.	Free	1 ct.	1 ct.
	(ii) Rhubarb roots.....each	Free	½ ct.	1 ct.	Free	9/10 ct.	1 ct.
	(c) (i) Asparagus roots.....each	Free	1/5 ct.	¼ ct.	Free	9/40 ct.	¼ ct.
	(ii) Strawberry plants.....each	Free	¼ ct.	¼ ct.	Free	¼ ct.	¼ ct.
180d	Photographs, paintings, pastels, drawings and other art work and illustrations of all kinds, n.o.p., whether originals, copies or proofs, for reproduction in periodical publications enjoying second-class mailing privileges Provided that goods which are entitled to entry free of duty or at a lower rate than as indicated in this item shall not be entered at the rates specified in this item.	Free	9 p.c.	25 p.c.	Free	9 p.c.	25 p.c.
181b	Paper, in single sheets, containing not less than 144 square inches, not exceeding ·012 and not less than ·003 of an inch in thickness, specially processed and printed, for use in duplicating machines	Free	7½ p.c.	35 p.c.	17½ p.c.	25 p.c.	35 p.c.
186	Paper calendered to between ·006 and ·008 inch thickness adapted for the manufacture of shot shells; and felt board sized and hydraulic pressed, and covered with paper or uncovered, adapted for the manufacture of gun wads	Free	Free	Free	Free 15 p.c.	Free 22½ p.c.	Free 25 p.c.

192e	Gasket stock, wholly or in part of vegetable fibres, coated or impregnated, in sheets or rolls, when imported by manufacturers of gaskets, for use only in the manufacture of gaskets in their own factories	Free	Free	Free	Free	Free	Free
192g	Roofing felt, single ply, not coated or impregnated, in rolls containing not less than 500 square feet, when imported by manufacturers of asphalt roofing (including shingles and siding) for use only in the manufacture of such materials in their own factories	Free	7½ p.c.	25 p.c.	15 p.c.	22½ p.c.	35 p.c.
198c	Tape, coated, not exceeding three-eighths of an inch in width, for use exclusively in the recording and reproduction of sound	5 p.c.	10 p.c.	35 p.c.	17½ p.c.	25 p.c.	35 p.c.
199g	Duplex backing papers or wrappers including those printed and/or skived for use in the packaging of photographic roll film; inter-leaving and wrapping paper, for packaging flat photographic films and photographic papers; when imported by manufacturers of photographic films and photographic papers for use in their own factories in the packaging of such films and papers	5 p.c.	12½ p.c.	35 p.c.	5 p.c. 15 p.c.	12½ p.c. 22½ p.c.	35 p.c. 25 p.c.
208i	(i) Animal glands and animal glandular organs, and extracts thereof, wet or dry, (whether alcoholic or not), when imported by manufacturers of pharmaceutical or medicinal preparations for use exclusively in the manufacture of such preparations in their own factories	Free	Free	Free	Free	Free	Free
208i	(ii) Animal bile, in liquid or paste form, not further processed than concentrated, for use in the manufacture of bile acids	Free	Free	Free	Free	15 p.c.	25 p.c.
211b	Kyanite, crude or calcined, but not further processed than ground	Free	Free	25 p.c.	Free	4½ p.c.	25 p.c.
216d	Phthalic anhydride, adipic, abietic, maleic and succinic acids, hexamethylene diammonium adipate, hexamethylene diammonium sebacate, hexamethylene diamine, caprolactam, and ethylene glycol, when imported by manufacturers of synthetic resins, for use exclusively in the manufacture of synthetic resins, in their own factories	Free	Free	Free	Free Free	Free 15 p.c.	Free 25 p.c.
216e	Materials of a kind not produced in Canada when imported to be used for plasticizing synthetic resins	Free	Free	Free	Free 15 p.c. Free	Free 20 p.c. 15 p.c.	Free 25 p.c. 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
216f	Materials of a kind not produced in Canada when imported for use only in the manufacture of the goods specified in tariff items 237 (a), (b), (c) and (d), 238a, 238b, 238c, 238d, 238e, 238f and 238g.....	Free	Free	Free	Free 15 p.c. Free 17½ p.c.	Free 20 p.c. 15 p.c. 20 p.c.	Free 25 p.c. 20 p.c. 25 p.c.
219g	Yeast, dead or inactive, containing only those vitamins inherent in or developed by the yeast during its culture or propagation in which the Vitamin D does not exceed 1,000 International units per gram, when valued at more than twenty-five cents per pound, under regulations which the Minister may prescribe.....	Free	Free	25 p.c.	15 p.c.	20 p.c.	25 p.c.
225a	Ouricury wax.....	Free	Free	10 p.c.	5 p.c.	7½ p.c.	10 p.c.
231d	Synthetic resin glue.....	15 p.c.	17½ p.c.	25 p.c.	15 p.c.	18 p.c.	25 p.c.
231e	Phenol when imported by manufacturers of synthetic resin glues, for use only in the manufacture of such glues in their own factories.....	Free	Free	Free	Free	Free	Free
232e	Cereal or starch products which require only to be ground in order to form, when mixed with cold water, an adhesive paste.....per pound	3/5 ct.	1¼ cts.	2 cts.	3/5 ct.	1-7/20 cts.	2 cts.
236c	Surgical bandages and slabs composed of textile fabrics specially coated with Plaster of Paris compound...	10 p.c.	10 p.c.	35 p.c.	25 p.c.	25 p.c.	35 p.c. and 4 cts. per pound
246c	Finely divided metals or compounds of metals, whether dry, or suspended or dissolved in a liquid, for use exclusively in the manufacture of glassware and of tableware of china, porcelain or semi-porcelain.....	Free	Free	22½ p.c.	Free 17½ p.c.	Free 20 p.c.	22½ p.c. 30 p.c.
263b	Methyl ethyl ketone, furfural, methyl normal propyl ketone and methyl isobutyl ketone, when imported for use only in the refining of oils.....	Free	Free	25 p.c.	Free	Free	25 p.c.

263c	Materials of a kind not produced in Canada for use only as catalysts in the refining of petroleum.....	Free	Free	25 p.c.	Free Free 15 p.c. 10 p.c.	Free 15 p.c. 20 p.c. 10 p.c.	Free 25 p.c. 25 p.c. 25 p.c.
269	Products of petroleum, n.o.p.:—						
	(i) Lighter than ·8236 specific gravity (40·3 A.P.I.) at 60 degrees Fahrenheit..per gallon	¾ ct.	1 ct.	2 cts.	¾ ct.	1 ct.	2 cts.
	(ii) ·8236 specific gravity (40·3 A.P.I.) or heavier at 60 degrees Fahrenheit.....per gallon	½ ct.	½ ct.	1 ct.	½ ct.	½ ct.	1 ct.
271	Lubricating oils composed wholly or in part of petroleum:—						
	(a) Valued at less than 25 cents per gallon, per gallon	1½ cts.	2¼ cts.	2½ cts.	1½ cts.	2¼ cts.	2½ cts.
	(b) N.o.p.....	10 p.c.	12½ p.c.	20 p.c.	12½ p.c.	17½ p.c.	20 p.c.
274	Petroleum coke, ground or unground.....	Free	Free	Free	Free 15 p.c.	Free 20 p.c.	Free 25 p.c.
275	Liquefied petroleum gases for heating, cooking or illuminating purposes, when imported in containers.	10 p.c.	12½ p.c.	25 p.c.	10 p.c.	13½ p.c.	25 p.c.
295b	Vermiculite, crude, or not further processed than ground and screened.....	Free	Free	25 p.c.	10 p.c.	10 p.c.	25 p.c.
296b	(i) Magnesite, dead-burned, sintered, caustic calcined or plastic magnesia.....	15 p.c.	15 p.c.	30 p.c.	15 p.c. 20 p.c.	15 p.c. 27½ p.c.	30 p.c. 30 p.c.
	(ii) Magnesium carbonate, basic or otherwise, excepting crude rock.....	20 p.c.	20 p.c.	30 p.c.	20 p.c.	20 p.c.	30 p.c.
296e	Magnesite, calcined, and magnesium carbonate, not further manufactured than ground, when imported by manufacturers of insulating materials for use exclusively in the manufacture of such insulating materials, in their own factories.....	Free	Free	Free	Free 20 p.c.	Free 27½ p.c.	Free 30 p.c.
309a	Granules, whether or not coloured or coated, for use in the manufacture of roofing, including shingles and siding.....	Free	Free	25 p.c.	15 p.c.	15 p.c.	25 p.c.
326c	Blanks of uncoloured clear glass, when imported by manufacturers to be used exclusively in the manufacture of silvered mirror reflectors or acid-etched reflectors or refractors, for lighting systems.....	Free	9 p.c.	10 p.c.	Free	9 p.c.	10 p.c.
328	Spectacle and eyeglass frames and parts thereof, n.o.p.....	15 p.c.	17½ p.c.	20 p.c.	15 p.c. 15 p.c.	17½ p.c 20 p.c.	20 p.c. 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
348f	Copper covered steel wire not less than one-quarter inch in diameter and rods, when imported by manufacturers of trolley, telegraph and telephone wires, electric wires and electric cables, for use only in the manufacture of such articles in their own factories..	Free	10 p.c.	10 p.c.	Free	10 p.c.	10 p.c.
349b	Alloys of magnesium, viz.: ingots, pigs, sheets, plates, strips, bars, rods and tubes.....	5 p.c.	10 p.c.	25 p.c.	5 p.c.	11¼ p.c.	25 p.c.
354c	Aluminum capsules for bottles.....	Free	7½ p.c.	30 p.c.	15 p.c.	22½ p.c.	30 p.c.
	On and after March 31, 1950.....	15 p.c.	22½ p.c.	30 p.c.			
359	Gold and silver, in ingots, blocks, bars, drops, sheets or plates, unmanufactured; gold and silver sweepings; bullion fringe or gold fringe; scrap jewellery, fit only to be remelted, under such regulations as the Minister may prescribe.....	Free	Free	Free	Free 15 p.c.	Free 20 p.c.	Free 25 p.c.
364	Diamond dust or bort and black diamonds, for borers; diamond dust mixed with a carrier, in cartridges, the component material of chief value being diamond dust.....	Free	Free	Free	Free 12½ p.c.	Free 17½ p.c.	Free 27½ p.c.
376b	Materials imported by manufacturers of sintered hard metal compounds of the tungsten carbide type, for use in the manufacture of such compounds in their own factories.....	Free	Free	10 p.c.	Free	Free	10 p.c.
386	(d) Sheets, hoop, band or strip, coated or not, polished or not, when imported by manufacturers of saddlery hardware and saddles for use exclusively in the manufacture of such articles, in their own factories.....	Free	Free	Free	Free 7½ p.c. 5 p.c.	Free 20 p.c. 12½ p.c.	Free 20 p.c. 15 p.c.
	(p) Sheets or strip, of iron or steel, hot or cold rolled, with silicon content of ·075 per centum or more, when imported by manufacturers of electrical apparatus, for use in the manufacture of electrical apparatus in their own factories.....	Free	12½ p.c.	12½ p.c.	Free 7½ p.c.	12½ p.c. 20 p.c.	12½ p.c. 20 p.c.

392a	Forgings of iron or steel, in any degree of manufacture, hollow, machined or not, not less than 12 inches in internal diameter; and all other forgings, solid or otherwise, in any degree of manufacture, rough turned or rough machined or not, of a weight of 20 tons or over	Free	15 p.c.	30 p.c.	Free 10 p.c.	15 p.c. 25 p.c.	30 p.c. 35 p.c.
403	Wire, of steel:—						
	(a) Spring, not less than ·40 per centum, by weight, of carbon, when imported for use exclusively in the manufacture of springs for mattresses, cushions or upholstery:—						
	(i) ·128, ·116, ·104 and ·092 inch in diameter, with a tolerance not to exceed ·003 inch	Free	5 p.c.	7½ p.c.	Free	5 p.c.	7½ p.c.
	(ii) ·144, ·080, ·072, ·064, ·056 and ·048 inch in diameter, with a tolerance not to exceed ·003 inch	5 p.c.	5 p.c.	7½ p.c.	15 p.c.	15 p.c.	20 p.c.
409q	Auxiliary internal combustion engines incorporated in or attached to agricultural implements or agricultural machinery	Free	Free	Free	15 p.c.	20 p.c.	30 p.c.
409r	Milk evaporators for dairying purposes and complete parts thereof	Free	10 p.c.	25 p.c.	10 p.c.	25 p.c.	35 p.c.
410a	(i) Loading machines; shaker trough, belt trough, chain or elevating conveyors; air engines; flameproof enclosed driving motors; of a class or kind not made in Canada, and parts of all motive power or machinery mentioned in this item, for use exclusively in mining operations	Free	Free	35 p.c.	Free 10 p.c. Free 15 p.c. 15 p.c.	10 p.c. 25 p.c. 10 p.c. 22½ p.c. 22½ p.c.	12½ p.c. 35 p.c. 35 p.c. 30 p.c. 37½ p.c.
	(ii) Trucks or tractors, self-propelled, mounted on wheels or on endless tracks, including motive power, when of a class or kind not made in Canada, for use exclusively underground in mining operations; parts of the foregoing	Free	Free	27½ p.c.	Free 15 p.c. 15 p.c.	17½ p.c. 22½ p.c. 22½ p.c.	27½ p.c. 30 p.c. 37½ p.c.
	(iii) Diesel-powered self-propelled trucks, mounted on rubber-tired wheels, side or rear dump, having a rated capacity, by struck volume, of not less than 9½ cubic yards and, by payload weight, of not less than 15 tons, and complete parts thereof, for off-highway use in carrying minerals, ores, rock, stone, sand, gravel and other excavated materials in open-pit mines, quarries, gravel and sand pits or at construction sites	Free	10 p.c.	27½ p.c.	Free	17½ p.c.	27½ 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
410h	Equipment and integral parts thereof for distributing stone dust in mines	Free	Free	10 p.c.	Free	5 p.c.	10 p.c.
410m	Diamond drills and core drills, not including motive power, electrically operated rotary coal drills, and coal cutting machines, of a class or kind not made in Canada, and parts of the foregoing, for use exclusively in mining operations	Free	Free	Free	Free Free	Free 10 p.c.	Free 10 p.c.
410n	Diamond drills and core drills, not including motive power, and electrically operated rotary coal drills, n.o.p., and parts of the foregoing, for use exclusively in mining operations	Free	10 p.c.	10 p.c.	Free	10 p.c.	10 p.c.
410o	(i) Coal heading machines; electric or magnetic machines for concentrating or separating iron ores; automatic scales for use with conveyors; and integral parts of all the foregoing, for use exclusively in mining or metallurgical operations	Free	Free	Free	Free	Free	Free
	(ii) Chock release apparatus, for use in coal mines to facilitate the safe removal of chocks forming the roof support	Free	Free	10 p.c.	Free	10 p.c.	10 p.c.
410q	Pumps and vacuum pumps, and complete parts thereof, for use exclusively in the extraction of precious metals by the chlorination or cyanide processes	15 p.c.	15 p.c.	20 p.c.	15 p.c.	17½ p.c.	20 p.c.
410w	Machinery, n.o.p., for the concentration or separation of ores, metals or minerals, viz.: flotation machines, flotation cells, oil feeders and reagent feeders for flotation machines and flotation cells, pumps, vibrating and impact screens, jigs, magnetic separators, magnetic pulleys and filters, for use in the concentration or separation of ores, metals or minerals, and integral parts of all the foregoing	5 p.c.	7½ p.c.	20 p.c.	15 p.c.	17½ p.c.	20 p.c.
410y	Heavy duty mine hoists, of a size and capacity not made in Canada	Free	Free	10 p.c.	Free	5 p.c.	10 p.c.

412	Machinery, being presses for use in the printing of newspapers and telephone directories, of not less value by retail than fifteen hundred dollars each, of a class or kind not made in Canada, and complete parts thereof, not to include saws, knives and motive power; mechanical deliveries or conveyors for use with newspaper printing presses	Free	Free	Free	Free Free	Free 10 p.c.	Free 15 p.c.
412e	Articles and materials which enter into the construction and form part of the machines and apparatus provided for in tariff item 412a, when imported by manufacturers of such machines, apparatus and parts thereof, for use exclusively in the manufacture of such goods in their own factories under such regulations as the Minister may prescribe	Free	Free	Free	Various	Various	Various
413	(i) Machinery and apparatus, of a class or kind not made in Canada, and parts thereof, specially constructed for preparing, manufacturing, testing or finishing yarns, cordage, and fabrics made from textile fibres or from paper, imported for use exclusively by manufacturers and scholastic or charitable institutions in such processes only	Free	5 p.c.	10 p.c.	Free	5 p.c.	10 p.c.
	(ii) Materials for use in the manufacture of the goods specified in tariff item 413(i)	Free	5 p.c.	10 p.c.		(Too numerous to list)	
427c	Machinery and apparatus for dairying purposes, viz.:—Power churns, power milk coolers, power fillers and cappers, power ice cream mixers, power butter printers, power cream savers, power bottle sterilizers, power brine tanks, power milk bottle washers, power milk can washers; ice-breaking machines, valveless or centrifugal milk pumps, sanitary milk and cream vats; none of the foregoing machinery to include motive power	Free	15 p.c.	35 p.c.	Free 10 p.c.	15 p.c. 25 p.c.	35 p.c. 35 p.c.
427f	Machines for the manufacture of veneers and plywoods, viz.:—Veneer clippers; veneer clipper knife jointers; veneer glue spreaders; veneer jointers; veneer lathes; automatic veneer reelers with supporting trays and hoists; automatic veneer unreelers, veneer conveyers specially designed for use with automatic veneer reelers and unreelers; veneer taping machines; complets parts of all the foregoing	Free	10 p.c.	35 p.c.	Free	10 p.c.	35 p.c.
431c	Machinists' or metal workers' precision tools and measuring instruments, viz.:—Calipers, micrometers, metal protractors and squares, bevels,						

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
431c —*Con.*	verniers, gauges, gauge blocks, parallels, buttons, mercury plumb bobs, dividers, trammels, scribers, automatic center punches, hand speed indicators, straight edges, key seat clamps and other clamps and vises used by toolmakers for precision work, precision tools and measuring instruments, n.o.p.; parts of all the foregoing, finished or not.....	Free	9 p.c.	10 p.c.	Free	10 p.c. (9 p.c. on some)	10 p.c.
431d	Engineers', surveyors' and draftsmen's precision instruments and apparatus, viz.:—Alidades; alta-zimuth surveying instruments; aneroid barometers, engineering, military and surveying; angle prisms; boards, military sketching; box sextants, clinometers; compasses; cross staff heads; curves, adjustable, irregular, railroad and ship; curvimeters; drafting instruments of all kinds, including fitted cases containing the same; dipping needles; drafting machines; heliographs; integrators; levels, tripod and hand or pocket types; levelling rods; liners, section; meters, portable for hydraulic engineering; pantographs; planimeters; protractors; parallel rulers; parallel ruling attachments; poles, ranging; pedometers and paceometers; plane tables, military and topographic; scales, flat and triangular; slide rules; splines; straight edges, steel and wooden; tacheometers; tallying machines, pocket; tee squares, steel and wooden; telemeters; theodolites; transits, tripod and hand or pocket types; triangles of all types; tripods for use with any of the foregoing instruments; parts of all the foregoing, finished or not.....	Free	9 p.c.	10 p.c.	Free	10 p.c. (9 p.c. on some)	10 p.c.
431g	Fixed or stationary meters, of a size or capacity not made in Canada, for hydraulic engineering; gauges, indicators and recorders for water or other liquid levels, volume or flow, of a class or kind not made in Canada.....	Free	17½ p.c.	20 p.c.	Free	20 p.c. (18 p.c. on some)	35 p.c.

431h	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, nonpolarizing 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; all the foregoing of a class or kind not made in Canada, and repair parts, tripods and fitted carrying cases for any of the foregoing	Free	Free	30 p.c.	2½ p.c. Free 15 p.c. Free Free	15 p.c. 15 p.c. 22½ p.c. 10 p.c. Free	30 p.c. 30 p.c. 30 p.c. 15 p.c. Free
437	Locomotives, cars and coaches and repair equipment, belonging to railroads, brought temporarily into Canada for the purpose of clearing obstructions, fighting fires or making emergency repairs on railway lines within Canada; detector cars when imported to test rail in tracks in Canada	Free	Free	Free	…… ……	Free 20 p.c.	Free 35 p.c.
438b	Bearings, clutch release; bearings graphite; bearings steel or bronze backed, with non-ferrous metal lining; bearings, steering knuckle thrust; bushings, graphited or oil impregnated; ceramic insulator spark plug cores, not further manufactured than burned and glazed, printed or decorated or not, without fittings; collars, crankshaft thrust; compressors, air; commutator copper segments; commutator insulating end rings; tapered discs of hot rolled steel, with or without centre hole, for disc wheels; distributor rotors and cam assemblies; door bumper shoes; electric wiring terminals, sockets, fittings and connectors and parts and combinations thereof, not to include battery terminals; gaskets of any material except cork or felt, composite or not, parts and materials therefor; ignition contact points; keys for shafting; auxiliary driving control kits, designed for attachment to motor vehicles to facilitate their operation by physically disabled persons and parts thereof; lenses of glass							

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
438b —*Con.*	for motor vehicle lamps and for light reflectors; lock washers; magnetic plugs; piston ring castings in the rough, with or without gates and fins removed; propeller shaft tubes of steel bonded by rubber; rails of lock seam section, corners, locks and catches, unplated ventilators and parts thereof, the foregoing being of metal other than aluminum, for the manufacture of window sashes for bus bodies; steel bolts, studs, plugs, rivets or nuts, capped with stainless steel, and parts thereof; switches, relays, circuit breakers and solenoids and combinations and parts thereof; vacuum control assemblies and parts thereof; vulcanized fibre in sheets, rods, strips and tubings; all of the foregoing when of a class or kind not made in Canada and for use in the manufacture or the repair of the goods enumerated in tariff items 424 and 438a, or for use in the manufacture of parts therefor.....	Free	Free	30 p.c.	Free 10 p.c.	Free 25 p.c.	30 p.c. 35 p.c.
438c	Ammeters; arm rests and wheel housing lining of indurated fibre, pressed to shape; axle housings, one piece welded, machined or not, including parts welded thereto; carburetors; chassis frames and steel shapes for the manufacture thereof; cigar and cigarette lighters, whether in combination with a cigarette holder or not, including base; control ventilator gear box; cylinder lock barrels, with or without sleeves and keys thereof; dash heat indicators; engine speed governor units; external ornaments unplated, not including finish or decorative moulding; fluid couplings, with or without drive plate assemblies; front axle cross channel king pin support section assembly of steel, in the rough; fuel pumps, vacuum pumps and combinations thereof; gasoline gauges; grilles not plated, polished or not before assembly, and parts thereof not plated or polished, not to include added finish or decorative moulding; hinges, finished or not, for bodies; horns; instrument bezel assemblies; instrument board lamps; instrument panel, glove compartment,						

luggage compartment, hood compartment and door step lamps and wire assemblies; locks, electric ignition, steering gear, transmission, or combinations of such locks; mouldings of metal, with nails set in position, lead filled or not; oil filters; oil gauges; pipe lines of tubing, rigid or flexible, covered or not, with or without fittings and tubing therefore for oil, fuel, air, or liquid for actuating hydraulic brakes; purifiers for air; purifiers for oil or gasoline; radiator shutter assemblies, automatic; radiator water gauges; radiator shells not plated nor metal finished in any degree; shackles, bearing spring; speedometers; spring covers of metal and closing strips or shapes therefor; stampings, body, cowl, fender, hood, instrument board, of metal in the rough, trimmed or not, but not metal finished in any degree; starter switch assemblies; steering wheels, rims and spiders therefor; sun visor blanks of gypsum weatherboard; thermostatic controls; throttle, spark, choke, and hood lock release assemblies, including buttons therefor; tire clamping rings of steel, plated or not; universal joint ball assemblies; voltage control regulators; windshield and window wipers; parts of all the foregoing; all of the foregoing when of a class or kind not made in Canada and for use in the manufacture or repair of the goods enumerated in tariff items 410a (iii), 424 and 438a or for use in the manufacture of parts therefor.....	Free	20 p.c.	30 p.c.	Free Various	20 p.c. Various	30 p.c. Various
(1) Provided, that if the above articles are imported for use as original equipment by a manufacturer of automobiles, motor vehicles, electric trackless trolley buses or chassis enumerated in tariff items 438a, 424 and 410a (iii) whose total factory output during the year in which importation is sought does not exceed ten thousand complete automobiles, motor vehicles, electric trackless trolley buses or chassis, and provided that not less than forty per centum of the factory cost of production of such automobiles, motor vehicles, electric trackless trolley buses or chassis, not to include duties and taxes, is incurred in the British Empire, the rates of duty under this item shall be.....	Free	25 p.c.		Free	Free	25 p.c.
(2) Provided, that if the above articles are imported for use as original equipment by a manufacturer of automobiles, motor vehicles, electric trackless trolley buses or chassis enumerated in tariff items 438a, 424 and 410a (iii) whose total factory output during the year in which importations is						

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
438c —*Con.*	sought exceeds ten thousand automobiles, motor vehicles, electric trackless trolley buses or chassis, and provided that not less than sixty-five per centum of the factory cost of production of such automobiles, motor vehicles electric trackless trolley buses or chassis, not to include duties and taxes, is incurred in the British Empire, the rates of duty under this item shall be.....	Free	Free	25 p.c.	Free	Free	25 p.c.
	(3) Provided that the Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.						
438d	Front and rear axles; brakes; clutches; drums; hubs; internal combustion engines; steering gears; magnetos; rims for pneumatic tires larger than thirty inches by five inches; transmission assemblies; hydraulic or fluid couplings and torque convertors; drive shafts; universal joints; steel road wheels; power dividers or transfer cases; and parts of the foregoing, when of a class or kind not made in Canada, and imported by manufacturers of the goods enumerated in tariff items 410a (iii), 424 and 438a for use only in the manufacture of motor trucks, motor buses and electric trackless trolley buses, or for the manufacture of chassis for the same.....	Free	17½ p.c.	27½ p.c.	Free 10 p.c.	17½ p.c. 25 p.c.	27½ p.c. 35 p.c.
	(1) Provided that if the above articles are imported for use as original equipment for motor trucks, motor buses and electric trackless trolley buses, or for chassis for the same, by a manufacturer of the goods enumerated in tariff items 410a (iii), 424 and 438a, and provided also that during the year during which importation is sought, not less than forty per centum of the factory cost of production of such motor vehicles and chassis therefor, not to include duties and taxes, is incurred in the British Empire, the rates of duty under this item shall be.....	Free	7½ p.c.	27½ p.c.	Free	7½ p.c.	27½ p.c.
	(2) Provided that the Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.						

438e	Parts, n.o.p., for automobiles, motor vehicles, electric trackless trolley buses or chassis enumerated in tariff items 438a and 424, not to include wireless receiving sets, die castings of zinc, electric storage batteries, parts of wood, tires and tubes or parts of which the component material of chief value is rubber:—							
	(1) Brake linings, and clutch facings whether or not including metallic wires or threads:—							
	(a) When made from crude asbestos of British Commonwealth origin	Free	25 p.c.	35 p.c.	Free	25 p.c.	35 p.c.	
	(b) When made from crude asbestos, n.o.p.	15 p.c.	25 p.c.	35 p.c.	15 p.c.	25 p.c.	35 p.c.	
	(2) Automobile and motor vehicle engines, stripped, n.o.p., and complete parts thereof, n.o.p.	Free	25 p.c.	35 p.c.	Free	25 p.c.	35 p.c.	
	(3) Parts, n.o.p., electro-plated or not, whether finished or not	Free	30 p.c.	40 p.c.	Free 15 p.c.	30 p.c. 22½ p.c.	40 p.c. 45 p.c.	
	Provided, that parts in chief value of iron or steel which were classified for duty purposes under tariff items 427 or 446a, as of January 1, 1936, shall be dutiable at	Free	25 p.c.	40 p.c.	Free	25 p.c.	40 p.c.	
	(4) Parts, n.o.p., of brass or copper, whether finished or not	Free	27 p.c.	40 p.c.	Free	27 p.c.	40 p.c.	
439c	Farm wagons, including four-wheeled farm wagons equipped to be tractor-drawn; farm sleds; logging wagons; logging sleds; and complete parts of all the foregoing	Free	15 p.c.	25 p.c.	Free 15 p.c.	15 p.c. 22½ p.c.	25 p.c. 35 p.c.	
442d	Materials, including all parts, wholly or in chief part of metal, of a class or kind not made in Canada, when imported by manufacturers of goods entitled to entry under tariff items 410g, 410l, 410n, 410o, 410p, 410q, 410u, 410w, 410z, 411, 411a, 411b, 427b, 427c, 427f, 428c, 428e, 440k, and 447a, for use in the manufacture of such goods in their own factories, under such regulations as the Minister may prescribe	Free	5 p.c.	10 p.c.	Free	10 p.c.	10 p.c.	
	Provided that materials and parts which are entitled to free entry or to a lower rate of duty than is specified in this item shall not be dutiable under this item.							

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
445m	(i) Flameproof electric switchgear, for use underground in coal mines, and complete parts thereof	Free	20 p.c.	30 p.c.	Free	20 p.c.	30 p.c.
	(ii) Flameproof electric transformers, rectifiers, cable-connecting devices, trailing cable extensions with couplers moulded on, junction boxes, and complete parts of the foregoing, when of a class or kind not made in Canada and for use underground in coal mines	Free	10 p.c.	37½ p.c.	15 p.c. 15 p.c.	22½ p.c. 22½ p.c.	37½ p.c. 30 p.c.
445n	Electrical instruments and apparatus of precision of a class or kind not made in Canada, viz.:—Meters or gauges for indicating and/or recording altitude, amperes, comparisons, capacity, density, depth, distance, electrolysis, flux, force, frequency, humidity, inductance, liquid levels, ohms, operation, power factor, pressure, space, speed, stress, thrust, synchronism, temperature, time, volts, volume, watts, weight; complete parts thereof	Free	15 p.c.	30 p.c.	Free 10 p.c.	15 p.c. 20 p.c.	30 p.c. 35 p.c.
445o	(i) Acid-free capacitor tissue and paper, plain and gummed; metal cans, extruded, plated or unplated; automatic record changers; parts for pick-ups; bias cells and holders; frames, yokes, brackets, pole-pieces, gaskets and field covers, separate or assembled for use in speakers with mounting diameter not exceeding 6⅜ inches; cones, spiders, spiders suspensions, voice coils and voice coil dust covers, separate or assembled; magnetic structures and parts thereof for permanent magnet speakers; glass dial crystals and scales and metal dials or scales made by the silk-screen process; metal cabinet escutcheons without crystals, plain or finished; high frequency circuit switches and essential components thereof; high frequency iron cores with or without inserts moulded therein; motors and gears for automatic tuning; radio frequency ceramics; raw low loss mica; sheets and punchings of low loss mica; tube shields and parts thereof; vibrators; vulcanized fibre in sheets, rods, strips or tubing; high frequency coil forms and tubing having an outside diameter not						

445o —*Con.*	exceeding one inch; for use in the manufacture or the repairs of the goods enumerated in tariff items 445d, 597a, and other apparatus using radio tubes, or for use in the manufacture of parts therefor	Free	Free	30 p.c.	Free Free	Free	30 p.c.
	(ii) Metal powders; etched aluminum foil; alloy resistance wire having a diameter of less than ·005 inch; spring-drive motors for record turn-tables; automatic record-centering mechanisms with tone arm, not including motors or turntables; metal cabinet escutcheons with crystals, plain or finished; when of a class or kind not made in Canada and for use in the manufacture or the repair of the goods enumerated in tariff items 445d, 597a, and other apparatus using radio tubes, or for use in the manufacture of parts therefor	Free	Free	30 p.c.	10 p.c. Free Free 10 p.c. 15 p.c.	20 p.c. 30 p.c. 20 p.c. 25 p.c. 20 p.c.	35 p.c. 30 p.c. 30 p.c. 35 p.c. 30 p.c.
	(iii) Materials and parts, not including motors, for use by manufacturers of apparatus using radio tubes, or of parts therefor, in the manufacture, in their own factories, of the goods enumerated in tariff items 445o (i) and 445o (ii)	Free	Free	30 p.c.	Various	Various	Various
476	Surgical and dental instruments of any material; surgical needles; clinical thermometers and cases therefor; X-ray apparatus; microscopes valued at not less than fifty dollars each, retail; complete parts of all the foregoing	Free	Free	Free	Free 20 p.c. 15 p.c. 12½ p.c. 15 p.c.	Free 25 p.c. 22½ p.c. 22½ p.c. 20 p.c.	Free 35 p.c. 45 p.c. 40 p.c. 25 p.c.
480a	Invalid wheel chairs, with or without motive power, and parts thereof	Free	10 p.c.	15 p.c.	Free Free	10 p.c. 17½ p.c.	15 p.c. 27½ p.c.
499a	Walnut shell flour, wood flour, and bark flour	Free	5 p.c.	20 p.c.	15 p.c.	20 p.c.	25 p.c.
504a	Ponderosa pine lumber (pinus ponderosa) and California sugar pine lumber (pinus Lambertiana), not further manufactured than planed, dressed, or jointed	Free	Free	Free	Free	Free	Free
523n	Seamless cotton bags, and, per pound	15 p.c.	22½ p.c.	25 p.c. 4 cts.	15 p.c	22½ p.c.	25 p.c. 4 cts.

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
539	Cordage, exceeding one inch in circumference, wholly of vegetable fibres, n.o.p. On and after July 31, 1949	7½ p.c. 17½ p.c.	12½ p.c. 22½ p.c.	25 p.c. 25 p.c.	17½ p.c.	22½ p.c.	25 p.c.
585a	Tall oil, tall oil pitch and blended tall oil and tall oil pitch	Free	Free	Free	15 p.c.	20 p.c.	25 p.c.
587	Coke, n.o.p.	Free	Free	Free	Free	$1.00 per ton	$1.00 per ton
654a	Pins or pegs of synthetic resin used as bristles in the manufacture of brushes	Free	5 p.c.	20 p.c.	15 p.c.	20 p.c.	25 p.c.
657	Mouthpieces in the rough, screws, aluminum pipe fitments, pipe bowls moulded from briarwood dust, bowls of wood not further processed than frazed, corn cobs and corn cob bowls not further processed than shaped, when imported by manufacturers of tobacco pipes for use in the manufacture of such pipes, in their own factories	Free	Free	25 p.c.	Free 15 p.c.	Free 20 p.c.	25 p.c. 25 p.c.
682a	Net floats of any material except wood, for use exclusively in commercial fishing	Free	Free	Free	Free 15 p.c.	Free 20 p.c.	Free 25 p.c.
692	Collections of coins and/or medals; postage stamps; medals of metal and other metallic articles, which have been bestowed as trophies or prizes and received and accepted as honorary distinctions, or which have been donated by persons or organizations abroad for such purposes; trophy cups of metal and other metallic prizes (not usual merchantable commodities) won abroad in bona fide competitions, or donated by persons or organizations abroad for such purposes in Canada. The foregoing not to include medals, trophies or prizes which are regularly presented by organizations or business companies to their members, employees or representatives	Free	Free	Free	Free Various	Free Various	Free Various

693	(iii) Antiquities (other than spirits or wines) produced prior to January 1, 1847, under such regulations, including proof of antiquity, as may be prescribed by the Minister..... Provided that, notwithstanding anything to the contrary in this Act or in any other law or regulation relating to Customs, antiquities as described in part (iii) of this item shall, for entry thereunder, be relieved from the requirements as to origin or British Empire content.	Free	Free	Free	Free	Free	Free	Free
696b	Films produced by or issued under the authority of government tourist bureaux, railway authorities, airway authorities or steamship companies; subject to such regulations as the Minister may prescribe	Free	Free	Free	Free Free	Free 10 p.c.	Free 15 p.c.	
696c	Phonograph records for bona fide libraries, and being the property of the organized authorities of such libraries and not in any case the property of individuals or business concerns, under such regulations as the Minister may prescribe.....	Free	Free	Free	15 p.c. Free	20 p.c. Free	30 p.c. Free	
843	All machinery and apparatus and parts thereof (including motive power) and drilling mud, for use exclusively in exploratory or discovery work in connection with, and development, depletion and production of petroleum or natural gas wells; seamless, lapwelded and electric welded iron or steel casing, tubing and drill pipe for use in connection with natural gas or oil wells.....	Free	Free	Free	Free	Free	Free	Free

[Mr. Abbott.]

3. Resolved, that schedule A to the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended, be further amended by striking thereout tariff items 523, 523a, 523b, 523e, 523j, 523k, 523l, 524a, 532b and 561, the several enumerations of goods respectively and the several rates of duties of customs set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

Tariff Item	—	British Preferential Tariff	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
523	Woven fabrics, wholly of cotton, not bleached, mercerized nor coloured, n.o.p.	Free	.....	25 p.c.	15 p.c.	15 p.c.	25 p.c.
	and, per pound	.....	3 cts.	4 cts.	.....	3 cts.	4 cts.
	On and after July 1, 1949	15 p.c.	15 p.c.	25 p.c.			
	and, per pound	.....	3 cts.	4 cts.			
523a	Woven fabrics, wholly of cotton, bleached or mercerized, not coloured, n.o.p.	Free	.....	27½ p.c.	17½ p.c.	17½ p.c.	27½ p.c.
	and, per pound	.....	3 cts.	4 cts.	.....	3 cts.	4 cts.
	On and after July 1, 1949	17½ p.c.	17½ p.c.	27½ p.c.			
	and, per pound	.....	3 cts.	4 cts.			
523b	Woven fabrics, wholly of cotton, printed, dyed or coloured, n.o.p.:—						
	(i) Valued at more than 80 cents per pound	Free	.....	32½ p.c.	17½ p.c.	17½ p.c.	32½ p.c.
	and, per pound	.....	3 cts.	4 cts.	.....	3 cts.	4 cts.
	On and after July 1, 1949	17½ p.c.	17½ p.c.	32½ p.c.			
	and, per pound	.....	3 cts.	4 cts.			
	(ii) Valued at 50 cents or more but not more than 80 cents per pound	Free	5 p.c.	32½ p.c.	17½ p.c.	22½ p.c.	32½ p.c.
	and, per pound	.....	3 cts.	4 cts.	.....	3 cts.	4 cts.
	On and after July 1, 1949	17½ p.c.	22½ p.c.	32½ p.c.			
	and, per pound	.....	3 cts.	4 cts.			
	(iii) Valued at less than 50 cents per pound	Free	7½ p.c.	32½ p.c.	17½ p.c.	25 p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.	.....	3½ cts.	4 cts.
	On and after, July 1, 1949	17½ p.c.	25 p.c.	32½ p.c.			
	and, per pound	.....	3½ cts.	4 cts.			
	(iv) Woven fabrics, wholly of cotton, commonly known as denims, when imported by manufacturers for use in their own factories in the manufacture of garments	Free	.....	32½ p.c.	17½ p.c.	17½ p.c.	32½ p.c.
	and, per pound	.....	3 cts.	4 cts.		3 cts.	4 cts.
	On and after July 1, 1949	17½ p.c.	17½ p.c.	32½ p.c.			
	and, per pound	.....	3 cts.	4 cts.			

523e	Woven fabrics wholly of cotton with cut pile, n.o.p....	Free	10 p.c.	32½ p.c.	15 p.c.	25 p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.	.....	3½ cts.	4 cts.
	On and after July 1, 1949.....	15 p.c.	25 p.c.	32½ p.c.			
	and, per pound	.....	3½ cts.	4 cts.			
523j	Shadow cretonnes, wholly of cotton, with printed warp and plain weft.....	Free	15 p.c.	32½ p.c.	10 p.c.	25 p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.	.....	3½ cts.	4 cts.
	On and after July 1, 1949.....	10 p.c.	25 p.c.	32½ p.c.			
	and, per pound	.....	3½ cts.	4 cts.			
523k	Gabardines, wholly of cotton, with not less than 280 ends and picks of ply yarn per square inch.....	Free	15 p.c.	32½ p.c.	10 p.c.	25 p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.	.....	3½ cts.	4 cts.
	On and after July 1, 1949.....	10 p.c.	25 p.c.	32½ p.c.			
	and, per pound	.....	3½ cts.	4 cts.			
523l	Woven fabrics, wholly of cotton, composed of yarns of counts of not less than 80 and not more than 99, including all such fabrics in which the average count of the warp and weft yarns is not less than 80 and not more than 99.....	Free	7½ p.c.	32½ p.c.	12½ p.c.	20 p.c.	32½ p.c.
	and, per pound	.....	3 cts.	4 cts.	.....	3 cts.	4 cts.
	On and after July 1, 1949.....	12½ p.c.	20 p.c.	32½ p.c.			
	and, per pound	.....	3 cts.	4 cts.			
524a	Fabrics with cut weft pile, wholly of cotton or of cotton and synthetic textile fibres or filaments....	Free	20 p.c.	32½ p.c.	5 p.c.	25 p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.			
	On and after July 1, 1949.....	5 p.c.	25 p.c.	32½ p.c.	.....	3½ cts.	4 cts.
	and, per pound	.....	3½ cts.	4 cts.			
532b	Woven fabric, wholly of cotton, for covering books....	Free	12½ p.c.	35 p.c.	15 p.c.	27½ p.c.	35 p.c.
	and, per pound	.....	.....	4 cts.	.....	.....	4 cts.
	On and after July 1, 1949.....	15 p.c.	27½ p.c.	35 p.c.			
	and, per pound	.....	.....	4 cts.			
561	Woven fabrics wholly or in part of synthetic textile fibres or filaments, not to contain wool, not including fabrics in chief part by weight of silk, n.o.p....	Free	5 p.c.	45 p.c.	22½ p.c.	27½ p.c.	45 p.c.
	and, per pound	.....	40 cts.	40 cts.	.....	40 cts.	40 cts.
	On and after July 1, 1949.....	22½ p.c.	27½ p.c.	45 p.c.			
	and, per pound	.....	40 cts.	40 cts.			

4. Resolved, that any enactment founded upon the foregoing resolutions to amend the Customs tariff or schedules thereto shall be deemed to have come into force on the nineteenth day of May, one thousand nine hundred and forty-eight, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

Mr. ABBOTT: Before we come to the detailed consideration of these resolutions, there is a brief statement that I should like to make on one aspect of them. When I introduced the resolution at the time of my budget address I announced that it was proposed to suspend temporarily the British preferential duties on cotton and rayon piece goods in order to enable Canadian consumers to obtain larger quantities of these essential materials at reasonable prices. As I stated then, we have received assurances from the United Kingdom that the reduction in landed prices made possible by any removal of duties would be passed on to Canadian buyers and that the United Kingdom government would take all possible steps to see that the target which has been set for shipment to Canada of 80,000,000 yards of cotton piece goods in 1948 will be met.

I explained also that, in acordance with our commitments in the Geneva trade agreement, under which preferential margins may not be widened, the proposal to suspend the British preferential rates on cotton and rayon piece goods includes a reduction in the most-favoured-nation rates on these items by the same amount until July 1, 1949. However, in the case of scheduled countries imports are limited by quota under the Emergency Exchange Conservation Act.

It is expected that the proposed temporary suspension of duties will have a generally beneficial effect in helping to make available larger quantities of important supplies needed by our consumers. It is proposed that the suspension should remain in effect until July 1, 1949, when the whole matter could be reviewed in the light of the results achieved.

It has been thought desirable, however, that there should be some provision whereby this matter may be reviewed from time to time before that date. In the light of the widespread dislocations which exist in international trade and the many uncertainties which prevail, particularly with regard to the effects of the consequent reduction in the most-favoured-nation rates made necessary by the Geneva agreement, it is felt that the governor in council should have the authority to withdraw the suspension in part or in whole if, by any chance, the assurances given are not lived up to, or if it is found that the reduced duties are in fact operating in a manner detrimental to Canada. As far as we can see now, we do not expect that any difficulties will arise which would make it advisable to use this authority, but I think hon. members will agree that it is prudent to make provision for unforeseen developments in the unsettled circumstances of today. For that reason I would ask my colleague, the Minister of National Revenue, to move an appropriate amendment to the resolutions which I tabled on the night of the budget address.

Mr. HACKETT: I take it that the temporary suspension in no way affects Canada's status or Canada's right to maintain the *status quo ante*. By suspending these duties Canada is not yielding up her right to reimpose them, by reason of this temporary action?

Mr. ABBOTT: No. That is quite correct. In fact, as a result of the amendment which I will ask my colleague, the Minister of National Revenue, to move, we shall not ask that the statutory rates as contained in the tariff be changed. The Geneva rates are in effect, as hon. members of the committee know, by order in council. They have been given provisional effect and they will remain in effect for the time being until the house decides whether or not the Geneva agreements will be approved. But there will be no change in the customs tariff so far as the rates in schedule A are concerned. The effect of the proposal which I am making is that the duties on cotton and rayon goods be suspended until July 1, 1949. Since, under the Geneva agreements, we are bound not to widen the preferences which exist in favour of the United Kingdom, this means that the same treatment must be extended to the most-favoured-nation countries, which include, as hon. members of the committee know, France, Belgium and most of the western European countries.

The only significant proposal that I am making in the proposed amendment is that, in view of the unsettled conditions and the possibility that assurances which we have received would not be lived up to—

Mr. KNOWLES: From whom?

Mr. ABBOTT: —and the fact that we have to extend these tariff suspensions beyond the United Kingdom to these other countries, the government should reserve the right, in the event of some unforeseen development occurring, to cancel this suspension. I do not anticipate for a moment that this will be necessary, but it seems only prudent to reserve the power if some unforeseen development should occur which would be detrimental to the interest of Canada, and that we should have the right to do that. Hon. members will recall that these duties were suspended during the war by the War Exchange Conservation Act of 1940. In effect we shall be continuing the same practice here; it is a

suspension, not a removal. I did not suggest in my budget address that this should be a permanent thing, because we must see what we do about the Geneva treaties. What I have proposed—and, of course, what I am still proposing—is that these duties should be suspended for a little more than a year from now. But when we are committed under the Geneva agreements, which have been given provisional application, to extend that treatment to a great many other countries as well, it seems to me that it is prudent to reserve some discretion empowering the governor in council to suspend the suspension, if I may put it in that way, with respect to some or all of these tariff items, should unforeseen circumstances arise.

Mr. HACKETT: I should like to ask two questions. The first is this. If our markets were flooded from some source of supply which is not on our horizon now, or if serious unemployment should result, a remedy would be at hand?

Mr. ABBOTT: A remedy would be available. Frankly, I do not anticipate any such contingency, because the situation with respect to textiles, as most hon. members know, is that in most lines they are in exceedingly short supply. There is nothing in the information I have been able to get from any of my expert advisers on this matter to indicate that any such condition as my hon. friend suggests would arise. But the world is in an unsettled state; this special suspension is being extended to a great many countries besides the United Kingdom; and I think it is the part of wisdom to retain this power. I should say, as I have said already, that I do not contemplate that there will be any necessity to exercise it; I can see nothing on the horizon which would make it likely that we should. But I think it is the part of wisdom to do that.

Mr. HACKETT: The second question I wish to ask is this. Is the power to terminate the law by order in council to be incorporated in the act, or is it to be dependent on the continuation of controls and the general law under which they are perpetuated?

Mr. ABBOTT: It will be incorporated temporarily in the act. The amendment, which I will ask my colleague to move, restricts the suspension of duties, as I indicated in my budget speech, to July 1, 1949, and provides that the governor in council be empowered at any time to withdraw in whole or in part the suspension in duty provided for; I am quoting from the proposed amendment, in paragraphs (a) and (b). That is the safeguarding clause to which I am referring. It will be incorporated in the customs tariff.

Mr. KNOWLES: The minister made a fairly plausible argument for the proposed amendment, particularly when he used such words as "prudent"; but I confess that with me it is only plausible. Frankly I do not like it. The minister said a moment ago that there was some similarity between what he is asking for now and what happened during the war. There is a similarity, but it is in reverse. During the war the government, by virtue of the wide powers it had under the War Measures Act, took off certain duties. The minister is now asking for peacetime, order in council power to put on certain duties.

Mr. ABBOTT: We are seeking the power to suspend them, with the right to reimpose them at any time at the discretion of the governor in council.

Mr. KNOWLES: I am trying to get away from the use of double negatives and talk in terms of what actually happens. I do not think it is completely comparable. Also, I do not like the continued extension of the delegation of authority to the government in this way. It seems to me that we are getting to the place where we make laws in this parliament, but we make only the laws that the government brings in, and then we put loopholes in them to give the government a chance to change those laws in between sessions. I did not expect this legislation to come up, so that I have not case histories in front of me. But most hon. members know we have had a great deal of manipulation of tariff policies in this country by both parties that have been in power down during the years. I can think of many an editorial which the Winnipeg *Free Press* has run on this subject, and in which it has pointed out that, whereas parliament has passed certain tariff rates, by administrative methods the effective rates have been changed.

We have, in addition to that way of changing the will of parliament, another way, namely this, the provision that by order in council this tariff which is now being removed for a period of thirteen or fourteen months can be—

Mr. ABBOTT: Suspended.

Mr. KNOWLES: Yes, suspended, but so far as the effect during the fourteen months is concerned; it is off, just off. Just ask the

hon. member for Beauce, and he will tell you it is off. I am glad to see the hon. member for Winnipeg South in his seat, because I am sure that as a Liberal he will welcome this removal of tariffs on certain British goods, if only for a period of fourteen months. And I do not think he will feel very happy about the government now taking by order in council, for reasons which may seem good to them, the power to put those tariffs back on before that time is up. I shall not take further time to argue the matter now, but it does seem to me to be a little extreme and a little strange to have still another move like this from a Liberal government.

If the Liberals believe in freer trade policies and start to move in that direction, then why back up? Why leave the back door and several windows open as a means of getting out? I would much rather that parliament would endorse the proposal the government made that these duties be off from now until July 1, 1949, and that we make it definite for that period of time, with only the one over-riding exception that always holds, namely, that parliament could change it. The house will be meeting in the meantime, possibly this fall. At any rate the government can call parliament together at any time, and I feel that the supremacy of parliament in the matter should be maintained.

Mr. ABBOTT: May I say one word in reply to the hon. member. I wish to point out, as I did in my budget speech, that the purpose of this suspension of duties is to assure a supply in Canada which is needed, at a reasonable price. Before agreeing to recommend it to parliament, I received assurances from the board of trade of Great Britain that they thought they could assure us that advantage would not be taken of the reduction in duties by British manufacturers, and added on to the price. I have no doubt, of course, that those assurances will be lived up to. Nevertheless the action was taken with the assurance that certain things would be done.

Mr. KNOWLES: It is also good Liberalism.

Mr. ABBOTT: It is understood that the Canadian consumer would get the benefit, and that we would get the supply.

There are other countries which benefit from this suspension, but from whom it was not possible to get similar assurances. I think it is only reasonably prudent to retain the power to remove this concession if it does not produce the results which we expect and believe it will produce. That is the reason for this suggested amendment. I do not think it will be necessary to do this.

Mr. HACKETT: I should like to make it quite clear that the questions which I put to the minister, and which he has been good enough to answer, are not to be interpreted as indicating in any way any change in my unalterable opposition to government by order in council. I say the tariff should not be subject to alteration by order in council. I merely wish to make my position clear in the matter, even though I have asked the minister for some explanation concerning the amendment which he is about to introduce.

The CHAIRMAN: Does the resolution carry?

Mr. KNOWLES: Mr. Chairman, I understand you have not yet put the amendment.

Mr. McCANN: I move the amendment.

The CHAIRMAN: The amendment is to resolution 3. I shall read it. It is as follows:

That resolution 3 of May 18 be amended by substituting therefor the following:

"Resolved that

(a) The British preferential tariff rates of duty on the goods described in the tariff items listed in the schedule appended hereto be suspended until July 1, 1949;

(b) The most-favoured-nation rates of duty on goods referred to above be suspended, and in place thereof the duty on each item until July 1, 1949, be the amount of the present duty reduced by an amount equal to the amount of the British preferential tariff;

(c) That the governor in council be empowered at any time to withdraw, in whole or in part, the suspensions in duty provided for in paragraphs (a) and (b).

SCHEDULE

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
523	Woven fabrics, wholly of cotton, not bleached, mercerized nor coloured, n.o.p.	Free	.....	25 p.c.	15 p.c.	15 p.c.	25 p.c.
	and, per pound	.....	3 cts.	4 cts.	.....	3 cts.	4 cts.
	On and after July 1, 1949	15 p.c.	15 p.c.	25 p.c.			
	and, per pound	.....	3 cts.	4 cts.			
523a	Woven fabrics, wholly of cotton, bleached or mercerized, not coloured, n.o.p.	Free	.....	27½ p.c.	17½ p.c.	17½ p.c.	27½ p.c.
	and, per pound	.....	3 cts.	4 cts.	.....	3 cts.	4 cts.
	On and after July 1, 1949	17½ p.c.	17½ p.c.	27½ p.c.			
	and, per pound	.....	3 cts.	4 cts.			
523b	Woven fabrics, wholly of cotton, printed, dyed or coloured, n.o.p.:—						
	(i) Valued at more than 80 cents per pound	Free	.....	32½ p.c.	17½ p.c.	17½ p.c.	32½ p.c.
	and, per pound	.....	3 cts.	4 cts.	.....	3 cts.	4 cts.
	On and after July 1, 1949	17½ p.c.	17½ p.c.	32½ p.c.			
	and, per pound	.....	3 cts.	4 cts.			
	(ii) Valued at 50 cents or more but not more than 80 cents per poupd	Free	5 p.c.	32½ p.c.	17½ p.c.	22½ p.c.	32½ p.c.
	and, per pound	.....	3 cts.	4 cts.	.....	3 cts.	4 cts.
	On and after July 1, 1949	17½ p.c.	22½ p.c.	32½ p.c.			
	and, per pound	.....	3 cts.	4 cts.			
	(iii) Valued at less than 50 cents per pound	Free	7½ p.c.	32½ p.c.	17½ p.c.	25 p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.	.....	3½ cts.	4 cts.
	On and after, July 1, 1949	17½ p.c.	25 p.c.	32½ p.c.			
	and, per pound	.....	3½ cts.	4 cts.			
	(iv) Woven fabrics, wholly of cotton, commonly known as denims, when imported by manufacturers for use in their own factories in the manufacture of garments	Free	.....	32½ p.c.	17½ p.c.	17½ p.c.	32½ p.c.
	and, per pound	.....	3 cts.	4 cts.	.....	3 cts.	4 cts.
	On and after July 1, 1949	17½ p.c.	17½ p.c.	32½ p.c.			
	and, per pound	.....	3 cts.	4 cts.			
523e	Woven fabrics wholly of cotton with cut pile, n.o.p.	Free	10 p.c.	32½ p.c.	15 p.c.	25 p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.	.....	3½ cts	4 cts.
	On and after July 1, 1949	15 p.c	25 p.c.	32½ p.c.			
	and, per pound	.....	3½ cts.	4 cts.			

SCHEDULE—*Concluded*

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
523j	Shadow cretonnes, wholly of cotton, with printed warp and plain weft	Free	15 p.c.	32½ p.c.	10 p.c.	25 p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.	.....	3½ cts.	4 cts.
	On and after July 1, 1949	10 p.c.	25 p.c.	32½ p.c.			
	and, per pound	.....	3½ cts.	4 cts.			
523k	Gabardines, wholly of cotton, with not less than 200 ends and picks of ply per square inch	Free	15 p.c.	32½ p.c.	10 p.c.	25 p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.	.....	3½ cts.	4 cts.
	On and after July 1, 1949	10 p.c.	25 p.c.	32½ p.c.			
	and, per pound	.....	3½ cts.	4 cts.			
523l	Woven fabrics, wholly of cotton, composed of yarns of counts of not less than 80 and not more than 99, including all such fabrics in which the average count of the warp and weft yarns is not less than 80 and not more than 99	Free	7½ p.c.	32½ p.c.	12½ p.c.	20 p.c.	32½ p.c.
	and, per pound	.....	3 cts.	4 cts.	.....	3 cts.	4 cts.
	On and after July 1, 1949	12½ p.c.	20 p.c.	32½ p.c.			
	and, per pound	.....	3 cts.	4 cts.			
524a	Fabrics with cut weft pile, wholly of cotton or of cotton and synthetic textile fibres or filaments	Free	20 p.c.	32½ p.c.	5 p.c.	25 p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.			
	On and after July 1, 1949	5 p.c.	25 p.c.	32½ p.c.	.....	3½ cts.	4 cts.
	and, per pound	.....	3½ cts.	4 cts.			
532b	Woven fabric, wholly of cotton, for covering books	Free	12½ p.c.	35 p.c.	15 p.c.	27½ p.c.	35 p.c.
	and, per pound	.....	.....	4 cts.	.....	.....	4 cts.
	On and after July 1, 1949	15 p.c.	27½ p.c.	35 p.c.			
	and, per pound	.....	.....	4 cts.			
561	Woven fabrics wholly or in part of synthetic textile fibres, or filaments not to contain wool, not including fabrics in chief part by weight of silk, n.o.p.	Free	5 p.c.	45 p.c.	22½ p.c.	27½ p.c.	45 p.c.
	and, per pound	.....	40 cts.	40 cts.	.....	40 cts.	40 cts.
	On and after July 1, 1949	22½ p.c.	27½ p.c.	45 p.c.			
	and, per pound	.....	40 cts.	40 cts.			

Then follows the schedule. Does the resolution carry?

Mr. KNOWLES: The only part that implements the suggestion just made by the minister with respect to giving power to the governor in council is paragraph (c)?

Mr. ABBOTT: That is right.

Mr. KNOWLES: Of what the Chairman has just read?

Mr. ABBOTT: Yes.

Mr. KNOWLES: I think there are some others who wish to speak about this. Are there any copies available?

Mr. ABBOTT: It is not too complicated. If the hon. member will turn to page 4094 of *Hansard* for May 18, he will find that subsection 3 contains the resolution which is now amended. It is really not so complicated. The substantial effect of the amendment is, as I have indicated, that the duties on the tariff items enumerated in the resolution with respect to rayons and cotton goods, are suspended until July 1, 1949. There is a provision that the governor in council may be empowered to withdraw in whole or in part the suspensions of duty for which provision is made in the resolution. I can assure my hon. friend that is all the amendment accomplishes. The resolution is long, with an enumeration of tariff items, and a technical description of the things covered. That is all there is to it.

I have explained to the committee the reasons why I am suggesting that this amendment be put forward.

Mr. GILLIS: The minister is recommending definitely that the tariff be removed up to July 1, 1949?

Mr. ABBOTT: That is right.

Mr. GILLIS: The governor in council, then, has no authority to make any changes in that schedule?

Mr. ABBOTT: That is right.

Mr. GILLIS: Until July 1, 1949?

Mr. ABBOTT: Yes, but it may remove this suspension—and I should like, if possible, to get away from the double negative. If unforeseen conditions arise such as I have indicated, the governor in council may withdraw this special privilege which is extended to a very considerable number of countries if, to put it bluntly, they do not live up to what we fully expect they will honour and live up to.

Mr. HACKETT: You may by order in council put an end to the law?

Mr. ABBOTT: Yes. The normal tariff would then come into effect again.

Mr. GILLIS: In other words, if the amendment carries and if the governor in council so desires, next week or next month it may change the whole thing?

Mr. ABBOTT: It can; it would revert to the regular tariff.

Mr. GILLIS: Next week or next month?

Mr. ABBOTT: Yes.

Mr. GILLIS: I do not like that. Surely this House of Commons can see at least a year ahead. This house will again be in session—

Mr. ABBOTT: It is better than some of the rest of us, then.

Mr. GILLIS: It will be in session in 1949. The policy being pursued now is a Liberal policy. In other words, you are living up to the Atlantic charter, and the provision in it for free access to raw materials of the world—some of the beautiful slogans on which we fought the war.

Surely we are in a position in the House of Commons to say we are going to legislate that far ahead with respect to a restricted number of items as between ourselves and the United Kingdom.

Mr. ABBOTT: But I have a sort of constitutional objection to removing the tariff on an item and then allowing the fellow in the other country just to take that into his price. That is one of the main reasons why we should reserve this right. If other countries do not fulfil the assurance they have given us, then we would have the right to withdraw the special concession we have extended to them. That is all this is.

Mr. GILLIS: I still cannot see that. As the hon. member for Winnipeg North Centre pointed out, it is a continuation of government by order in council. Parliament should be supreme in matters of this kind, and I do not think the matter is serious enough, as far as the schedule under discussion is concerned. As far as I am concerned, as a member of this house I do not intend to delegate in peacetime the authority of the House of Commons to someone behind the scenes. I am going to be quite frank and say that when the minister and his advisers drafted this budget I believe they received some fairly decent Liberal advice, but I am afraid—I hope this is not true—that considerable pressure has been exerted upon the minister to leave in this escape clause. I think the amendment is

actually an escape clause designed to protect manufacturers of this country who are afraid—

Mr. ABBOTT: There has not been any pressure at all.

Mr. GILLIS: —that they may not be in a position to compete with those who believe in free enterprise and unrestricted trade and competition and all the other things that are supposed to enter into our economy. I consider this matter serious enough for this House of Commons to refuse the amendment. I have confidence enough in the Minister of Finance and the Minister of Trade and Commerce and their advisers to think they will be able to do business with the countries affected by this tariff change without delegating any authority to anyone outside the House of Commons to change the law tomorrow if he so desires.

I am prepared to have it run until the House of Commons meets again, say in June, 1949. If in the interim there is any difficulty I do not think it would be so serious as to affect the country to an extent where we should be prepared to abrogate the rights of the House of Commons. There is a principle at stake. That principle is the right of this house to retain in peacetime the power to pass laws and have them remain effective until such time as the house may convene again.

Mr. ABBOTT: There is nothing new about this, since the same sort of thing exists all through the tariff schedule. I am not an expert on tariffs, but I have before me tariff item 62, which reads:

> Rice, uncleaned, unhulled or paddy . . . The governor in council, when satisfied that Australia can supply Canadian requirements, may, by order in council, direct that there be substituted for tariff item 62 in schedule A of the customs tariff, and the enumeration of goods and the rates of duties of customs set opposite the said item in schedule A the following . . .

As I say, this is not a new departure. As I have said before, I think, under existing circumstances, this is a wise provision to insert.

Mr. GILLIS: Let us try it for a year and discuss it the next time we meet.

Mr. HACKETT: I feel that the legislation as it appears before the amendment is ill-advised, because of the effect it may have upon employment in those centres where large numbers are engaged in the textile industry. Much as I regret it, I feel that this house is constantly belittling itself when, without any reason at all, it yields up to the governor in council its hard-won supremacy in matters of legislation.

Just a few days ago we saw fifty pages torn from the merchant shipping act, when many articles having to do with the life, safety and well-being of crews and people on ships as well as the ships themselves could be suspended by order in council. This was done to enable a servant of a department to determine that something like an emergency existed and then suspend the law.

We are a highly industrialized country, dependent to a greater extent upon foreign markets than practically any other country. We must sell at home and abroad, or we cannot continue to exist. We have increased our capital equipment and our industrial plant. We must find markets, and the best market is always the home market.

An hon. MEMBER: Is where you find it.

Mr. HACKETT: I am not going to debate that point with the hon. gentleman, because I think he will admit that the best market is the home market. If this legislation is denying occupation to our own people, then it is short-sighted. If we are to introduce into our fiscal and trade policy the same uncertainty that exists in other realms of public affairs; if we are to create in that realm the chaos which exists elsewhere I fear that we are in for a sad and sorry time.

We should know for at least one year what our tariff legislation is to be. I submit that, surrounded as the minister is with competent officers and men of some experience, he should be able to see at least twelve months ahead or until the house meets again. Laws which are vital to our economic existence and to our trading position should have some stability and not be altered until reasons are given in open debate.

We are spending time in committees devising ways for the introduction of democratic government as it obtains here. Yet we have become disrespectful of the very elements of democratic government; we delegate to some gentleman in the Department of Finance the power and the right to determine for you, for me and for the people whom we represent what shall be the fiscal policy of this country. I believe that is wrong and we shall rue the day we have openly and without necessity accepted that principle.

Mr. KNOWLES: The case has been stated so excellently by the hon. member for Stanstead that little more needs to be said. But I feel that we should register, in the best way we can, a protest against this request of the minister for this power by order in council. A moment ago the minister cited an example from the tariff schedule he has before him. Even though I was not able to follow it as closely as I might have, I understood that it did prescribe certain conditions under which the governor in council would have the author-

ity to make a change. That is not the case in connection with the amendment now before the committee. I have now been able to get a copy of it, and I find that clause (c) of the proposed amendment moved by the Minister of National Revenue reads as follows:

(c) The governor in council be empowered at any time to withdraw in whole or in part suspensions in duty provided for in paragraphs (a) and (b).

I submit, along the lines already argued so well by the hon. member for Stanstead and others who have taken part, that this parliament should not give that power to the government at this time. I therefore move, seconded by my colleague the hon. member for Cape Breton South, the following sub-amendment:

That clause (c) of the proposed amendment be deleted.

In other words, I do not try to disturb any other of the changes made by the amendment or in the schedule attached thereto which the minister has proposed. I only ask that this special order in council power be not granted by the house to the government.

Mr. ABBOTT: I am very glad my hon. friend has moved that sub-amendment, because I want to make it perfectly clear that the amendment is not one on which the government lays any particular stress, and I give it to the committee for what it is worth. I think it is in the interests of this country that the government should retain this discretionary power under these exceptional circumstances; but let me say this, that if the committee feels that we should give this unrestricted suspension of duties until July 1, 1949, I am not going to stand up strongly in opposition. I give it as my considered opinion, after having given the matter a good deal of consideration, that it is the part of prudence to retain that discretionary power, but I am going to lay the responsibility for voting for or against it squarely on the members of the house. I personally shall vote against my hon. friend's amendment, but if the committee sees fit to adopt it, that is all right with me.

Mr. FULTON: The situation is this. The minister, in introducing this change, is not sure how it will work out, and he wants the power given to him to change it at a moment's notice if it works out badly. That is an instance of the risks which this government is willing to run with the economy of the country. Here we have a tariff change introduced by the government, and now they ask power by the amendment to undo the tariff change at a moment's notice if it should turn out that it works against the interests of Canada. If they have not examined the whole situation so carefully that they can say to us that this tariff change is bound to work in the best interests of Canada, the tariff change should not have been introduced and should not have the support of the house. It convinces me of something I have suspected for some time, that this whole change is ill-conceived and not designed to work in the best interests of Canada's economy. I think we should oppose the change and the amendment, and I propose to do so.

Mr. ABBOTT: That is all right with me. As I explained this proposal, it is for the purpose of endeavouring to ensure a supply of cotton and rayon textiles to Canadian consumers at reasonable prices, and we had the assurance from the main source of supply that advantage would not be taken of this tariff concession to boost prices. I have no doubt that this assurance will be carried out. But on second thought I consider it wise to have a safeguard in case the assurance could not be carried out, or in case concessions given to other countries did not work out. But if the committee feels that this concession should be continued until July 1, 1949, without any such safeguard, that is all right with me. It is no government issue so far as I am concerned.

Mr. BLACKMORE: I support the minister's attitude in this matter. We are living in a world of bewildering complexity; no one can foresee what the situation will be one month ahead. Surely members of the house realize that. I find myself at a loss to understand the attitude taken by the two speakers of the C.C.F. and of the Progressive Conservative party. So far as leaving power in the hands of the minister is concerned, we have to leave power in the hands of ministers in regard to every aspect of our government, and we can hold them responsible if they misuse that power. Consequently I am going to vote against the sub-amendment of the C.C.F. I think it is just plain foolishness.

There is one more aspect. We are dabbling around with a whole lot of experiments in non-discrimination and a whole lot of other things involved in the Geneva trade treaties. No one has seen those treaties in operation. How can we foretell how they will work out? Certainly it is the part of merest prudence to give the minister power to do whatever seems fit to him under the circumstances.

Mr. HARRIS (Danforth): I should like to make one or two observations, following what the hon. member for Stanstead had to say. His anxiety and that of a good many members of this house is to get parliament back as

quickly as possible into the position where parliament is supreme. I think we are all agreed on that. During the last four or five years of necessity we had to have many things done by order in council and we had to depend on the ministers' deputies for their advice in matters of great concern. I should like to make this observation now, that we have been very fortunate in the calibre of the men who have served the different departments of government, and particularly the Department of Finance and especially those charged with this work. I pay tribute to these men. Most of them are still advising the ministers.

What bothers me now is the statement made a couple of moments ago by the minister, who said he "thought" this was necessary. I wrote the word down. If he thinks it is necessary because he has been advised by a capable civil servant who knows all the ramifications of each individual item and knows what is for the general advantage of Canada, why not have the intestinal fortitude to stick to it? We have had a welter of orders in council under the War Measures Act and the transitional powers act; and if, after all that, it is necessary to give the minister this power I think the committee ought to be broad-minded enough to grant him that power until such time as the economy not only of Canada but of the whole universe irons itself out.

My private enterprise friend the hon. member for Cape Breton South rose in his place and, with his tongue in his cheek, championed the cause of free enterprise. I say to him that when he was talking a moment ago he probably had in his mind the same idea that is in the minds of all the rest of us, and that is, in the final analysis, are we to be able to keep the employees of the textile organizations working steadily right through the piece, not only till July 1, 1949, but from there on? In common with him there are not only hon. members anxious about that, but the personnel behind the Minister of Finance, whether they say so or not, when they deal with these items are thinking of its effect on the employment of men and women in industry. They do not say so, and we do not say so often enough, but they are thinking, will it make more employment, will it make more production for Canada or will it not? From that angle they very often give their judgment.

I would suggest to the minister that when they are thinking about how they are to frame orders in council or frame advice to the minister, one of the first things in the back of their minds—at least I hope it is one of the first things in the back of their minds—is, will it give more employment, or will it maintain

[Mr. Harris (Danforth).]

the present employment level in Canada? That is what they think about, or at any rate that is what they ought to think about. I charge them now with that responsibility. I am hoping, when we consider this, that we can perhaps see the end of the rainbow where parliament will again be supreme. It is almost there now. We will help you, Mr. Chairman, to put it through. But in these troubled world affairs which we are now trying to unscramble, let us be a little bit patient. Ninety per cent of the unscrambling of orders in council has been completed. We are now at the tail end of it. I ask the minister to accept some of the advice of those who served us so well during wartime. Accept their advice here and there, and depend upon them. I am of the opinion, sir, that if we do that we shall come out on the right side of the ledger.

In closing, I would say this to the minister, if I can get him away from his other conversation, from the Hollywood sort of atmosphere that envelops him now and again, to the realities of his responsibility as Minister of Finance. When his advisers advise him on such and so I remind him that he is one of the senior ministers of the crown in Canada. Mr. Chairman, I was addressing myself particularly to the Minister of Finance.

Mr. ABBOTT: I am sorry; I was interrupted.

Mr. HARRIS (Danforth): I know he hears, whether he listens or not. When he acts, he acts because his responsible advisers have recommended action. His responsibility to parliament is not only to think but to act and to stick to that, so that Canada itself will say: Well, we have a strong government which means what it says.

Mr. ABBOTT: We have that.

The CHAIRMAN: There is a resolution before the committee on the customs tariff. An amendment was moved by the Minister of National Revenue, and a sub-amendment by the hon. member for Winnipeg North Centre.

Sub-amendment (Mr. Knowles) negatived; yeas, 21; nays, 59.

The CHAIRMAN: Does the amendment carry?

Some hon. MEMBERS: On division.

Amendment agreed to on division.

The CHAIRMAN: Does the resolution carry?

Mr. KNOWLES: That is resolution 3? We still have resolutions 1 and 2 to deal with.

Mr. ABBOTT: That is correct.

The CHAIRMAN: Does resolution 3 as amended carry?

Mr. FLEMING: There are some questions I wish to ask with regard to the resolutions as a whole. In the first place these resolutions purport to contain the exact text of the amendments that are proposed to be introduced into the customs tariff. I have been in the house for only four sessions, but this is the first time I have seen resolutions purporting to give the exact text of the proposed legislation. Before we proceed with the resolution, I would ask the minister to give assurance that if the committee does approve the resolution there will be no suggestion, when we come to the bill containing legislation in exactly the same form, that we do not enjoy the usual freedom in connection with the review of the bill.

Mr. ABBOTT: I will gladly give that assurance. Although I have been in the house for eight years, in that period there have not been any extensive changes in the customs tariff, and I have not had a great deal of experience myself with tariff matters. There will be a schedule to the bill amending the customs tariff, which will have to be considered in the committee item by item. I give my hon. friend the assurance that there will be full opportunity on the bill, if it is deemed necessary to do so, to discuss the matter item by item. The general principle, as I indicated in my budget address, of the changes here is, with the exception of the textile items where the tariff is suspended, to make certain downward revisions, chiefly in connection with matters of a technical nature, productive goods and the like. I outlined in general terms in my budget speech the nature of the tariff changes. By reason of the amendment which has just been passed, there will not be incorporated into the customs tariff schedules the Geneva rates with respect to any of the items. These will be dealt with in due course when the agreements, which are now before the committee or before the house itself, are approved.

Mr. FLEMING: One other point. It has to do with the proposed sections dealing with the power to suspend the dumping duties. I refer to the proposed repeal of section 6 and the substitution of a new section. We have had some discussion tonight about the powers proposed to be given to the government under legislation of this kind. I think the committee ought to realize, in passing the resolution, that it proposes to give the minister the power to suspend certain duties of a special dumping nature. The committee ought also to be aware that the classes of goods with respect to which this power is to be conferred on the minister are not defined in the section. The committee would like to have from the minister a further statement concerning the classes of goods to which this section is proposed to be applied.

When the minister was introducing his budget he made the following statement, as reported at pages 4070 and 4071 of *Hansard*:

> Finally, among the resolutions pertaining to tariff and customs matters, I am including a proposal which would enable the governor in council to relieve certain goods or classes of goods from special dumping duty. Under this proposal such relief could be granted in cases where the governor in council determines that the importation of the goods is necessary to meet essential requirements in Canada or could be used to advantage in Canada without causing hardship to Canadian producers. In view of continuing scarcities, it is clearly desirable that it would be possible to grant relief from dumping duty in such circumstances.

That is quite a definition the minister has given there, and before the committee approves the section, which will have the effect of giving the minister power to suspend duties with respect to undefined classes of goods, or goods the definition of which is to be made by the minister, there ought to be a clear statement from him as to the classes of goods to which it is proposed that this section shall apply.

Mr. ABBOTT: The provision to which my hon. friend is referring will in some respects give a bit more flexibility to the rigid dumping duty provisions now contained in the Customs Tariff Act. At the present time the act provides that if goods are sold in the country of origin at a price below that at which they are sold in the exporting country, then the dumping duty automatically applies to the goods imported into the other country.

There are certain cases in which the domestic price of goods may be somewhat higher than the export price, and the proposed amendment will authorize the administration, in effect, to exempt from dumping duty certain goods, under conditions that may be imposed:

> The special duty imposed by the preceding subsection shall in no case exceed 50 per cent ad valorem and the following goods shall be exempt from such duty.

The goods are:

> (i) Goods of a class subject to duty under the Excise Act;
>
> (ii) Goods which though of a class or kind made or produced in Canada, are not offered for sale to the ordinary agencies of wholesale or

retail distribution or are not offered to all purchasers on equal terms under like conditions, having regard to the custom and usage of trade;

(iii) Goods or classes of goods declared exempt by any order or regulation made by the governor in council.

That is to be amended to provide that, for the purpose of this section, goods may be deemed to be of a class or kind not made or produced in Canada where similar goods of Canadian production are not offered for sale to the ordinary agencies of wholesale or retail distribution or are not offered to all purchasers on equal terms under like conditions, having regard to the custom and usage of trade.

Mr. FLEMING: I do not think the minister has touched the point I was raising. I appreciate the terms attaching to the power to which he has referred, but I am concerned about the type of goods to which this is to apply. Under this section the minister is to have power to select the goods; they are not enumerated in any statutory enactment. Under this section it is left to the minister to select the goods and to suspend the effect of the dumping duty as applied to such goods. We still have not had from the minister a statement as to the kind of goods to which it is proposed that this section shall apply.

Mr. ABBOTT: The purpose of it is to give the governor in council power to exempt from the dumping duty in cases where the imposition of such duty would in effect impose a prohibitory tariff preventing the importation of goods which are needed in Canada and which, on their importation, will not injure any Canadian goods of a similar nature. I am told that an example of this under existing conditions might be certain types of British motorcars which are not manufactured in Canada and in respect of which the strict application of the dumping duty might require the imposition of a stiff duty on the landing of such cars in Canada, which under existing conditions are needed in the country and for which there is a ready market.

Mr. FLEMING: I take it that this section has not been introduced without there having been some demand for it in certain quarters. Surely there must be other examples than the one the minister has cited, namely British motor cars. The committee is entitled to know what classes of goods the minister has in mind when he asks us to give effect to a provision of this kind. There must be more to it than the one case of British motorcars.

Mr. ABBOTT: As my hon. friend knows, while we are making every effort to increase imports of goods into Canada from what might be generally described as soft-currency countries, the effect of our rigid anti-dumping law is to discourage some of these imports which would be brought in without injury to Canadian trade and which, as a matter of fact, would help the Canadian consumer. That is because the domestic selling price of some commodities in other countries is deliberately placed at a high figure, for taxation or other reasons, in order to discourage consumption in those countries and to encourage exports. It was felt desirable that there should be some degree of flexibility in the dumping provisions of our tariff, and that is the purpose of the proposed amendment.

The CHAIRMAN: I was first going to ask if resolution 3 as amended carries.

Resolution 3 as amended agreed to.

The CHAIRMAN: Shall resolution 1 carry?

Resolution 1 agreed to.

The CHAIRMAN: Shall resolution 2 carry?

Mr. KNOWLES: I should like to ask some questions, and they are really for information, with regard to two items in the schedule to resolution 2. The items to which I direct the minister's attention are 410a and 445o. I understood from the minister's speech that any changes being proposed in the tariff were downward. I notice that in many cases there have been reductions in tariff rates, column by column. But I notice that in the case of item 410a, as it is set up in the booklet I have in front of me, the general tariff at the present time is 12½ per cent and the new general tariff is to be 35 per cent.

Mr. ABBOTT: The rates are 12½ per cent, 35 per cent, 35 per cent, 30 per cent, and 37½ per cent.

Mr. KNOWLES: I see. That goes down on the next page. Would the minister explain that, because it looks to me, if you have a collection of rates such as the minister has just read out—12½ per cent, 35 per cent, 35 per cent, 30 per cent and 37½ per cent—and you drop all those rates and put in their place an over-all rate of 35 per cent, you may in fact have provided for an increase.

Mr. ABBOTT: The explanation of that is this. As of course my hon. friend knows, the general tariff is of really no consequence now. Nearly all countries are under the most-favoured-nation tariff, and incidentally that type of material dealt with in item 410a—loading machines and so on—would come from most-favoured-nation countries. I do not think there is any general tariff country from which those articles could come. If there were,

I would think it would tend to force such countries to enter into a most-favoured-nation agreement with us. The effective tariff rates are the British preferential tariff and the most-favoured-nation tariff. There are few countries that are still under the general tariff rates. Technically it may be that the tariff rate of 35 per cent, which is one of the rates now under the general tariff, would apply; but the effective reduction is to place those things on the free list.

Mr. KNOWLES: I am glad to know that. At least it carries out the intention of the minister's tariff changes. What bothered me was, as I say, that there was at least the appearance of an increase.

Mr. ABBOTT: My hon. friend is right there.

Mr. KNOWLES: Here was a case where, with respect to loading machines, and so on, there was a 12½ per cent rate and now there is to be a 35 per cent rate; that looked to me like a reduction in reverse.

Mr. ABBOTT: All that stuff comes from most-favoured-nation countries or British preferential tariff countries.

Mr. KNOWLES: I understand. The other item to which I wished to direct attention was 445o, paragraph (iii). There I noticed that all three of the rates were simply listed as "various". Now it is free, free, and 30 per cent. This is with regard to materials and parts not including motors, for use by manufacturers of apparatus using radio tubes, or parts therefor, in the manufacture, in their own factory, of the goods enumerated in tariff items 445o (i) and 445o (ii). In connection with the general tariff, previously the rate was listed as various. Now it is listed as 30 per cent. That is the only case like it in the whole schedule. Can the minister assure us that there is not an increase when it goes from "various" to 30 per cent?

Mr. ABBOTT: No, I am told there is not. Here again the applicable rates are really the British preferential and the most-favoured-nation rates. Probably a typical case of the various rates, as I am informed by the officials in front of me, would be the ones in 445o (ii), which are 35 per cent, 30 per cent, 30 per cent, 35 per cent and 30 per cent. The 30 per cent would be the lowest of those rates. But here again in this item, the general tariff rates have really no practical application because these items are not coming to us from general tariff countries.

Mr. KNOWLES: So we can be assured that all the changes, where changes are made, are downward.

Mr. ABBOTT: I am told by my tariff experts that that is the case.

Mr. HACKETT: Will the minister turn to item 410a (i), which deals with loading machines; shaker trough, belt trough, and so on. The general tariff at one time was 35 per cent. When did that general tariff cease to be effective?

Mr. ABBOTT: When we made the first trade agreement with the United States in 1935, effective January 1, 1936.

Mr. HACKETT: That was in 1935. And it was reduced to what figure?

Mr. ABBOTT: At that date the United States was transferred from the general tariff to the most-favoured-nation tariff, and the rate then became 10 per cent. Before that, it had been 12½ per cent.

Mr. HACKETT: Under the present arrangement the tariff of 10 per cent disappears?

Mr. ABBOTT: That is correct.

Mr. HACKETT: Then all of the items that are listed in—what is this, the third item?

Mr. ABBOTT: Item 410a?

Mr. HACKETT: I was thinking of the items beginning with tariff item 15 and going on to the bottom of page 25, item 848; they have been affected by the recent change so that they all become free?

Mr. ABBOTT: They do not all become free, no. There are varying rates which are shown on the schedule here. There are some moderate reductions in tariff in some cases. The columns in *Hansard* of May 18 show the proposed rates of duty and the rates in effect prior to the rates proposed by the present budget. There are varying rates there. My hon. friend can pick them out. In some cases they are free and in other cases there are reductions. For instance, as to item 431d, which is, engineers', surveyors', and draftsmen's precision instruments and apparatus, the previous rates were free under the British preferential tariff, 10 per cent with some at 9 per cent under the most-favoured-nation tariff and 10 per cent under the general tariff. That item is still free from British preferential countries, and 9 per cent under the most-favoured-nations tariff, and 10 per cent under the general tariff.

Mr. HACKETT: Yes. But in most items there has been a substantial reduction in effect where the United States is concerned?

Mr. ABBOTT: Substantial in some cases; in other cases, not. For instance, let us take item 410q, pumps and vacuum pumps. The

reduction in the case of the United States is from 17½ per cent to 15 per cent, a reduction of 2½ per cent. It varies through the schedule.

Mr. HACKETT: Yes; then there are other items—

Mr. ABBOTT: There are some items where there is no change. In connection with diamond drills, for instance, there is no change. It is still 10 per cent. There is a big reduction in wheel chairs.

Mr. HACKETT: The chairs are for the ill and the paraplegics, and everyone is grateful to the minister for having granted relief to a body of unfortunate men and women. On the whole, however, I understand that these reductions apply particularly to the United States, which has been the chief external supplier of articles appearing in the schedule.

Mr. ABBOTT: Yes. Most of them are production articles—articles such as mining equipment, which enter into the cost of production and which, by and large, are not produced in this country. I believe for many years we have been following the principle of either exempting that class of articles from duty entirely, or putting them in a reasonably low class of duty. For instance, in respect of item 410a (i), which covers loading machines, we know that kind of machinery is used in mining. It was formerly restricted for use exclusively at the face of the mine. That restriction is being deleted, because under the former item the same equipment was in many instances dutiable at a higher rate when it was used a short distance away from the actual mine face. I cite that as an example of an adjustment.

Mr. HACKETT: I had understood that a great deal of the plant development which has been going on in Canada since the war was to enable Canada to produce for herself many of these items, some of which appear in the schedule, and which hitherto she has been forced to import from the United States. The result of this reduction in tariff will be serious competition to Canada, and will expose to great danger our own labour market.

Mr. ABBOTT: I have been informed that in by far the greater majority of the articles in respect of which tariffs are reduced or eliminated, those articles are of a class or kind not made in Canada.

Mr. FLEMING: I have one question concerning item 445o at page 22 of the resolutions. It is a complicated provision. In the first place, as I read it there would seem to be no change in sub-item (i). It is printed here only because of the changes in sub-items (ii) and (iii). Is that not correct?

Mr. ABBOTT: I am told there is no change in wording or in rates of duty. It is a continuation of the former item 445o which provided for duty-free entry of certain named parts used in the manufacture of radio apparatus, and it is to conform to the wording incorporated in our trade agreement.

Mr. FLEMING: There will be no change in the tariff on radio dials?

Mr. ABBOTT: No.

Mr. HACKETT: What is illipe butter? It is not margarine, is it?

Mr. ABBOTT: No, it is not margarine. Illipe butter is used mainly as a substitute for cocoa butter in the manufacture of chocolates and chocolate coatings for the biscuit trade. The addition of illipe butter provides a fat that has a somewhat higher melting point than cocoa butter and which tends to prevent the bloom on the chocolate or coating.

Imports during the next twelve months are estimated to range from 1,000 to 2,000 tons. Illipe butter is selling today at from 83 to 84 cents a pound, c.i.f. without duty, whereas the present price of cocoa butter ranges from $1.10 to $1.20 a pound.

Illipe butter is made from the illipe nut, which is found in the Netherlands East Indies, Borneo and Malaya. These nuts are processed in Holland. The illipe is a genus of a tall evergreen East-Indian tree of the family Sapotaceae.

Mr. HACKETT: Will the minister look at item 181b, which deals with paper in single sheets. I note the general tariff is 35 per cent. What is the reduction?

Mr. ABBOTT: The rate prior to the proposals in the budget under the most-favoured-nations tariff was 25 per cent, and it is reduced to 7½ per cent.

Mr. HACKETT: Are we not very much interested in the manufacture of paper? Is this some particular type of paper?

Mr. ABBOTT: I understand that this is paper which is not made in Canada. I am told the new item provides for a new type of stencil paper, now widely used in duplicating machines. The paper described in this item was provided for under order in council P.C. 6868 of September 1, 1943. The order was under the War Measures Act and lapsed on March 31, 1947. In 1946 the imports were valued at $44,950. There are no exports and no Canadian production.

Mr. GAUTHIER (Portneuf): With respect to item 192g, roofing felt, I note that the tariff has been changed from 22½ per cent to 7½ per cent, under the most-favoured-nations column. I have had representations from two mills in my county, and I have sent a letter to the minister about it.

Mr. ABBOTT: I have had similar representations.

Mr. GAUTHIER (Portneuf): Would the minister give consideration to this matter and tell my people that there is a chance that the tariff will be reconsidered. There are nine mills in Canada interested in roofing felt. There is Philip Carey Company Limited of Lennoxville, the Viceroy Manufacturing Company at London, Ontario, and the Barrett Company Limited at Joliette. In my county there are the Bishop Asphalt Papers Limited, and J. Ford and Company Limited.

These mills are complaining of the change in tariff and say that it will force them probably to close their doors. Since there are over 700 workers interested in those two mills, and since there is a third company, Building Products Limited, interested in this, I suggest that the minister should reconsider the matter, and not place these gentlemen in a position where they would be obliged to decrease their production. They say the market is not yet fully satisfied; but if the tariff stays in the suggested state, production from the United States will kill their market, and they will have to close their doors.

Mr. ABBOTT: I have received my hon. friend's letter and representations from the concerns to which he has referred. The information I have at the present time is that the supply situation in Canada is such that the tariff should be reduced, and that importations are required. However I am considering the matter, and if some change is desirable I shall be prepared to recommend it. I do not think at the present time, however, the mills to which my hon. friend refers will suffer any injurious consequences.

I have found that people who are affected by tariff reductions usually do fear that there may be some adverse consequences. However, the situation at the present time with respect to roofing felt is this, that I am informed that other roofing manufacturers find it difficult to obtain roofing felt from the Canadian manufacturers. That is an essential and vital building material. The information I have at the moment is that the proposed reduction in tariff is justified, but I am looking into the matter.

Mr. HACKETT: Has the minister any definite information that there is a shortage of this commodity?

Mr. ABBOTT: There is still tariff protection. I am advised that there is a shortage of roofing felt.

Mr. HACKETT: The protection is reduced at 7½ per cent?

Mr. ABBOTT: It is reduced from 22½ per cent to 7½ per cent; by 15 per cent. It is only the manufacturer who can import. The complaints we have received are that some independent manufacturers of roofing materials who do not manufacture their own felt are finding it difficult to get felt from Canadian roofing manufacturers. It is for that reason that the tariff is being reduced at the present time, in order to ensure supply at a reasonable cost.

Mr. GAUTHIER (Portneuf): The information I received from Bishop Asphalt Papers Limited is as follows:

> It is quite possible that one or two of the other felt producing companies would have surplus tonnage. Toronto Asphalt Roofing Manufacturing Company is a subsidiary of U.S. Gypsum Company, one of the largest roofing and allied manufacturing organizations in the States with several felt plants and who, I believe, will shortly have in production an additional new plant of large capacity. My information is that the felt situation in the States has eased considerably in recent months so that the U.S. Gypsum might be desirous of shipping excess tonnage into Canada.

That is what they are afraid of. They are not afraid of the free entry of roofing felt from England, but they are afraid that there will be some kind of dumping from the United States. They have three grades, and the United States people can play up grade three as well as grades one or two. They can try to make people believe that grade three is as good as the other two grades. That is the way they work. These important manufacturers are afraid of that and they are asking most vehemently that the minister take this matter under consideration.

Mr. ABBOTT: I am looking into the whole question. As the committee will appreciate, roofing felt is not used by the general public; it is used only by manufacturers of roofing. The change in tariff is not on roofing but on roofing felt, the raw material which goes into the process. It is the manufacturers of roofing and also of roofing felts who are apprehensive about the reduction in duty. The other manufacturers who manufacture roofing but who have to buy their felt as a raw material are finding difficulty in getting it from the people

who manufacture both roofing and roofing felt. These representations have commended themselves to my tariff advisers. In order to enable the roofing manufacturers to get their raw materials at a somewhat lower cost, this reduction in duty is proposed. I have received representations in addition to those made by the hon. member for Portneuf; I have received representations from other manufacturers of roofing felt and roofing here in Canada which I am now studying. If I come to the conclusion that some modification is justified it will be made when the bill is brought in.

Mr. MacNICOL: I understand that we are permitted to jump from one item to another and I should like to ask a question with reference to 445o. Back in February or March or April the radio manufacturers carried on correspondence with Mr. Callaghan who, I presume, was in Geneva at the time. One of the items under discussion at that time was that referred to in line 15 of item 445o, which reads:

High frequency iron cores with or without inserts moulded therein.

Was a satisfactory agreement made between the makers of those goods and the department?

Mr. ABBOTT: I am told that the manufacturers of these cores need the metal powders which come under (iii) of item 445o. These may be imported free to be used in the manufacture of these cores.

Mr. MacNICOL: Were they not asking for a concession in connection with the metal powders to manufacture these articles?

Mr. ABBOTT: That is what is being given by the proposed amendment; metal powders for the manufacture of these cores are being allowed in free.

Mr. ROSS (St. Paul's): How long will these rates of duty remain in force?

Mr. ABBOTT: Until changed by parliament.

Mr. ROSS (St. Paul's): They will have to be changed by parliament?

Mr. ABBOTT: That is correct, with the exception of the suspension of the textile items. Those are not under the list we are now considering.

Mr. ROSS (St. Paul's): Will any of these items be affected by the Geneva treaty?

Mr. ABBOTT: Some of these items are included in the trade treaty.

[Mr. Abbott.]

Mr. HACKETT: In the result are not these changes final; as long as we are bound by the treaty, we shall never be able to put the duties back where they were?

Mr. ABBOTT: That would apply only to the ones mentioned in the trade treaty. There are a few in here that are mentioned in the trade treaty.

Mr. HACKETT: The majority of them are mentioned.

Mr. ABBOTT: I am told not.

Mr. HACKETT: In that regard this list is distinct from the textile list to which the minister referred earlier in the evening?

Mr. ABBOTT: That is correct.

Mr. ROSS (St. Paul's): The minister says these can be changed at some future time by parliament, but if they are under the Geneva trade treaty they will not be changed.

Mr. ABBOTT: There is nothing here relating to the Geneva treaty. What I mean to say is that these tariff schedules are not implementing the Geneva treaty in any way.

Mr. ROSS (St. Paul's): But many of these items are in the Geneva treaty as well?

Mr. ABBOTT: Only the ones which are bound, and there are only one or two here.

Mr. HACKETT: On those which are bound we cannot put up the duty? We cannot do that as long as we are bound by the treaty.

Mr. ABBOTT: I would point out that any item here which is lower than the item in the trade treaty can be brought back to the trade agreement rate.

Mr. ROSS (St. Paul's): There are many items here where the margin under the British preferential is reduced. I should like to know if the British government were advised in the cases where margins are reduced?

Mr. ABBOTT: We can bring any rate back to what it was in the trade agreements, whether it is a preferential rate or anything else.

Mr. ROSS (St. Paul's): We still have the preferential rates with Great Britain. Are we allowed under the existing treaties to narrow the margin between the preferential duty and the other rates?

Mr. ABBOTT: We have to extend the same reduction to most-favoured-nation countries in order not to widen the margin of preference, but if we wish to reverse that action and bring the rates back to what they were before this reduction, we can do so.

Mr. ROSS (St. Paul's): The rates under tariff item 410a, for instance, were British preferential, free; most-favoured-nation tariff, 10 per cent, and general tariff, 12½ per cent. The new rates are British preferential, free; most-favoured-nation tariff, free, and general tariff, 35 per cent. Actually what we have done under that item is to wipe out the British preference altogether. I do not know whether we can get any of these machines from Great Britain.

Take item 410q. The old rates were British preferential tariff, 15 per cent; most-favoured-nation tariff, 17½ per cent, and general tariff, 20 per cent. The new rates are British preferential tariff, 15 per cent; most-favoured-nation tariff, 15 per cent, and general tariff, 20 per cent. I have been wondering why the British preference has been wiped out on many of these items.

Mr. ABBOTT: We have to import these goods from the United States, and it is to lower the cost to the Canadian importer. Of course it is open to us at any time to restore the duties if we want to.

Mr. ROSS (St. Paul's): The British preference has been wiped out on a good many items. Will it follow that the rates will have to remain the same when the Geneva treaties go through?

Mr. ABBOTT: No.

Mr. ROSS (St. Paul's): We can go back under the Geneva treaties?

Mr. ABBOTT: I am told that is correct.

Mr. TIMMINS: In item 192g, roofing felt, the British preference has been reduced from 15 per cent to free. Is that a bound item?

Mr. ABBOTT: No, it is not. We do not get any roofing felt from the United Kingdom.

Mr. TIMMINS: But we have made the British preference free. It is not connected in any way with Geneva?

Mr. ABBOTT: That is right.

Mr. TIMMINS: I see in another item that the British preference has been dropped from 15 to 5 per cent, and that was bound. Would we not be bound for all time to come, having dropped the British preferential tariff under a bound item?

Mr. ABBOTT: I am told that we can restore it to the rate under the Geneva treaty, whatever that may be.

Mr. TIMMINS: You mean that if the 5 per cent was less than Geneva we could go up to Geneva? Would the minister tell us why in 192g the British preference was dropped from 15 per cent to free?

Mr. ABBOTT: That was in order to maintain the margin of preference which existed prior to the change. We dropped the most-favoured-nation tariff from 22½ to 7½ per cent, a reduction of 15 per cent, and the British preferential tariff was reduced by 15 per cent.

Mr. TIMMINS: Why did we drop the most-favoured-nation rate?

Mr. ABBOTT: Because we wanted to import roofing felt from the United States. We are not getting it from the United Kingdom anyway. It is to reduce the cost to the Canadian consumer.

Resolution 2 agreed to.

Resolution 4 agreed to.

Resolutions reported, read the second time and concurred in.

Hon. DOUGLAS ABBOTT (Minister of Finance) moved for leave to introduce Bill No. 333, to amend the Customs Tariff.

Motion agreed to and bill read the first time.

INCOME WAR TAX ACT

Resolutions reported, read the second time and concurred in.

Hon. DOUGLAS ABBOTT (Minister of Finance) moved for leave to introduce Bill No. 330, to amend the Income War Tax Act.

Motion agreed to and bill read the first time.

DOMINION SUCCESSION DUTY ACT

Resolutions reported, read the second time and concurred in.

Hon. DOUGLAS ABBOTT (Minister of Finance) moved for leave to introduce Bill No. 331, to amend the Dominion Succession Duty Act.

Motion agreed to and bill read the first time.

EXCISE TAX ACT

Resolutions reported, read the second time and concurred in.

Hon. DOUGLAS ABBOTT (Minister of Finance) moved for leave to introduce Bill No. 332, to amend the Excise Tax Act.

Motion agreed to and bill read the first time.

EXCISE ACT

Resolution reported, read the second time and concurred in.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

RECONSTRUCTION AND SUPPLY

396. Administration and investigations of the dominion coal board, $82,608.

Item stands.

NATIONAL REVENUE

293. General administration, $1,329,134.

Item stands.

Mr. KNOWLES: Mr. Chairman, we were not informed last night, were we, that there were new departments to go into supply today?

Mr. FOURNIER (Hull): No, but there are still three other departments. The Minister of Reconstruction and Supply is at hand, and I wanted to get his department in. I will keep the undertaking that, during the first days of every week, we shall move to go into supply, so that if there is any grievance it can be discussed, even though no item will be called. There are three more departments to be put in.

Mr. KNOWLES: The minister's undertaking is that during the first days of the remaining weeks of the session there will be a motion to go into supply, even though no further departments have to be opened?

Mr. FOURNIER (Hull): That is right.

DEPARTMENT OF AGRICULTURE

Special—

30. Prairie Farm Rehabilitation Act and water storage (does not include the costs of survey and engineering work on the Medicine Hat irrigation and Red Deer diversion projects in Alberta and the South Saskatchewan river project in Saskatchewan, which costs are to be made available from the item of $1,000,000, No. 409, Department of Reconstruction and Supply), $3,000,000.

Mr. NICHOLSON: I believe the hon. member for Selkirk wanted to say something on this item. Could we let it stand and go on with something else?

Mr. GARDINER: I had hoped that we could have this all cleared up.

Item stands.

[Mr. Abbott.]

Special—

31. St. Mary river dam project, $2,200,000.

Mr. HARKNESS: Will the minister outline to us how far this St. Mary river dam construction has proceeded. I notice that the estimate this year is up $700,000 over last year. I know that last year they were putting in foundations, tunnels and things along that line. How far have they got on with the work? What is this estimate to be used for? What proportion of the construction has been completed?

Right Hon. J. G. GARDINER (Minister of Agriculture): There are two tunnels to be constructed in connection with the St. Mary dam to get the water around the construction. One of these tunnels has been completed, and they are about ready to start on the second.

Mr. MacNICOL: On which side of the river?

Mr. GARDINER: I think it is on the southeast side. I am not just sure of the direction there.

Mr. MacNICOL: On the left bank?

Mr. GARDINER: The only one which has been started, the one which was started last year.

Mr. MacNICOL: The left bank.

Mr. GARDINER: No, on the right bank coming down stream.

Mr. MacNICOL: That is the left bank, as you are coming down stream on the left hand side?

Mr. GARDINER: Yes.

Mr. MacNICOL: That would be the left bank.

Mr. GARDINER: That one is completed. There is some difficulty about the matter, which probably I should explain. It will be recalled that at the time the tenders were called for the two tunnels, there was some discussion in the house with regard to these tenders. I said at the time that we had some doubts with regard to the possibility of the bidder completing the work at the price which had been asked. That question was taken up with him by the consulting engineer, Mr. Ferguson. As a result of the discussions, he took the very strong stand that it could be completed on the basis of the tender. It has developed that it cannot be. As a matter of fact, the amount that it would have to be increased by in order to carry it out on that basis would be a price which would be higher than the second bidder put in. We have some doubts as to whether we should allow that.

We have had some discussion with the contractor, and this being the first contract which has been let for this kind of work, we had some hesitation in making an adjustment on the contract which would put the price up higher than the second bidder had bid. Discussions have led to the thought that probably it might be better to have the firm, which has done the first tunnel, discontinue that work and make other arrangements for the other tunnelling. The reason is this. There is a possibility that if we permitted the adjustment to be made after the discussions which had taken place, it was thought that bidders on new contracts might have the idea that the way to get contracts was to bid them down low and get an adjustment. It may cost us more to finish it by making some other arrangement, but we thought that in the first work we have started along this line it might be better to do that. I am not saying that it will be done in that way, but it probably will be done in that way. By making some adjustments it may cost more to get this particular job done but we think it will probably be better than to try and make adjustments now in the light of the discussions that took place.

I should like to say in regard to that, that there has been no dissatisfaction at all with the work which has been done other than that the contractor has not been able to do it as rapidly as we had hoped for. The first tunnelling is done. If any adjustment is made, it will be made with the complete understanding between ourselves and the contractor who has been on the job, and it will not put him in any bad light so far as any future contracts are concerned, if he bids on any works. I thought probably I should say that to the committee at this time in order to explain anything that might be done in connection with it in the future.

The other contract is let to a contractor named Wells, who contracted for the building of the dam. He is on the ground, and has all of his machinery there. He has been doing some work for the past summer. He is ready to go right ahead with his work as soon as we can have the tunnels completed.

Mr. HARKNESS: Does that mean that no work will be gone ahead with excepting the tunnels until the tunnels are finished?

Mr. GARDINER: I doubt very much whether any work can be done until the tunnels are through, because the water has to be taken past the dam site. At the present time, for example, if these tunnels were not in, and any construction had been done, the amount of water that came down this stream the past spring would have taken out any work that had been there. It is almost impossible to do much work without the tunnels.

Mr. HARKNESS: This vote is almost entirely for the other tunnel, then?

Mr. GARDINER: Yes.

Mr. MacNICOL: Of course no work can be done on the dam until the tunnels are completed. The object of a tunnel is to provide a conveyance for the water to pass through, so that the contractor will have a dry cross-section of the river in which to start pouring his concrete or make the foundation for the dam. It is important that all the water be diverted first. With regard to the tunnel that is built there, has the contractor the proper kind of machinery for drilling a tunnel through the kind of material that he has to go through?

Mr. GARDINER: Yes; one is all completed, and the cementing of the tunnel is completed. I was there last year. It was very nearly completed then. It is completed now. They did the final work at the end of the month of May. The other contractors who are in the vicinity have the equipment to do that work if it is necessary to select another contractor.

Mr. MacNICOL: One tunnel has been thoroughly concreted?

Mr. GARDINER: Yes, it is completed entirely.

Mr. MacNICOL: It has to be concreted to permit the rapid flow of the water. What is the volume capacity of each tunnel? How many cubic feet per second can it carry? Perhaps the minister could give the volume of the two tunnels together.

Mr. GARDINER: I might as well read the whole description of the construction there. It will not take long and it will give all the information regarding it.

St. Mary-Milk river development.

The first stage in this development has been started and a dam on the St. Mary's river is being constructed some 40 miles southwest of Lethbridge and 4 miles northwest of Spring Coulee. The dam will be half a mile long, a quarter of a mile thick at the base and 186 feet high above the river bed. A tunnel through a hill at the south end is necessary to divert water during construction of the dam. The tunnel will be 20 feet in diameter and 2,100 feet long. Another tunnel will be built, to carry water to the canal for irrigation purposes. This tunnel will be 17 feet in diameter and 2,600 feet long and will discharge water through control gates at the rate of 3,200 cubic feet

per second. The contract for the main dam has been let in an amount of $2,081,700 and also the contract for the diversion and irrigation tunnels in an amount of $798,916 and construction is continuing in accordance with the report of the St. Mary's and Milk rivers water development committee dated February 16, 1942. The reservoir created will be 17 miles long, 6 miles wide and 176 feet deep. Its storage capacity will be some 320,000 acre feet. The dam and connecting canal should be constructed by 1949. The present stage of development when completed will improve the water situation on about 120,000 acres of land now under irrigation around Lethbridge, and will also supply water for another 95,000 acres. The St. Mary-Milk river project when the Belly river and Waterton river contributions are included will irrigate some 465,000 acres of land. The total construction cost of the whole development is estimated at $15,178,439. The program proposed provides for a 14-year period of construction in a series of stages.

I should say that these are the estimates which were made a few years ago at the time the contract was let, so that the costs will be somewhat higher than the costs given here. It will be noted that the tunnel which is to take the water past the dam is already finished, and therefore it will be possible to proceed with the construction of the dam. The other is the tunnel which is to take the water down past the dam for irrigation purposes.

Mr. MacNICOL: Is the minister right? I understood that there would be two tunnels, one on each side of the river, to carry off the flow of water.

Mr. GARDINER: I was under that impression too; but this is the engineer's description, and, according to it, there will be a tunnel on one side for the purpose of carrying the water off, the other being for the purpose of carrying water down for irrigation.

Mr. MacNICOL: Did the minister say the tunnel was twenty-two feet in diameter?

Mr. GARDINER: The first is twenty feet and the second seventeen.

Mr. MacNICOL: What is the area of the face?

Mr. GARDINER: Of the dam?

Mr. MacNICOL: Not the dam, but the tunnel. How many square feet?

Mr. GARDINER: I have not that here. I do not know whether my mathematics is good enough to figure it in a few minutes. It is all the water the river has in it in any event.

Mr. MacNICOL: Is the maximum flow about 1,400 cubic feet per second?

Mr. GARDINER: I think so.

[Mr. Gardiner.]

Mr. MacNICOL: Is that the maximum flow or the average?

Mr. GARDINER: I cannot tell the hon. member. It is all the water there is in the river in any event.

Mr. MacNICOL: I would not imagine that a twenty-foot tunnel would take away a flow of 1,400 cubic feet per second.

Mr. GARDINER: Well, I cannot argue that with the hon. member. The engineer has decided how big it is to be, and it is big enough to take all the water in the river.

Mr. MacNICOL: I hope so, because once they start the dam, they first have to put down a coffer dam which will have to be high enough so that they can continue to work and allow the water to flow off the side where they are building the dam. If one tunnel is all they are figuring on, there is no reason why they cannot proceed with the main construction of the dam.

Mr. GARDINER: I would think so. That is the intention.

Mr. MacNICOL: I understood that there was some doubt about the same contractors proceeding with the other tunnels.

Mr. GARDINER: That will not slow up the construction.

Mr. MacNICOL: That is, the irrigation construction?

Mr. GARDINER: Yes.

Item agreed to.

Special—

30. Prairie Farm Rehabilitation Act and water storage (does not include the costs of survey and engineering work on the Medicine Hat irrigation and Red Deer diversion projects in Alberta and the South Saskatchewan river project in Saskatchewan, which costs are to be made available from the item of $1,000,000, No. 409, Department of Reconstruction and Supply), $3,000,000.

Mr. BRYCE: I may be a little out of order at this time, but I shall be only a couple of minutes. I have received a great many letters from my constituents with reference to floods, and I have heard hon. members in the house complaining about flood conditions around Dauphin and other places. We have also read about these conditions as reported in the newspapers, and about an announcement regarding a survey. Many people in Manitoba believe that a survey should be made for the purpose of trying to do away with these floods. In conversation with the minister before, I have

been assured that, unless the river is navigable, the problem is up to the province. Am I correct?

Mr. GARDINER: In so far as building dikes for controlling a stream, and that kind of thing, is concerned; but in so far as putting in a construction such as we discussed the other night in connection with the Assiniboine, namely, putting in a dam to prevent waters coming down from the headwaters, we put that in under P.F.R.A.

Mr. BRYCE: Would that come under the survey that is to take place?

Mr. GARDINER: Yes. Everything on that river comes under the survey.

Mr. BRYCE: How would it affect the north of my constituency? I am going to send over to the minister photographs of the town of St. Martin, where there are eighteen inches of water in the main street. That happened two years in succession.

Mr. GARDINER: That would be the Red river?

Mr. BRYCE: No. That is away in the north, running into lake St. Martin. They have done considerable drainage up there. A correspondent says, in a letter to me, that appeals to the provincial governments result in nothing definite, and that the farmers all agree that what is needed is a proper survey of the district and money spent in the right place. They think a survey would be a step in the right direction.

Mr. GARDINER: I take it this is along one of the lakes.

Mr. BRYCE: Yes. It is alongside lake St. Martin.

Mr. GARDINER: The surveys such as that are made by P.F.R.A. We made such surveys in the vicinity of Dauphin, for instance.

Mr. BRYCE: This is across lake Manitoba.

Mr. GARDINER: We have made surveys even outside P.F.R.A. areas, when we were requested to do so. But in so far as construction work itself is concerned, that would be a matter for the province. Nevertheless, we have made our engineers available to make surveys.

Mr. BRYCE: The correct procedure would be to get these people to apply to the provincial government to come to you.

Mr. GARDINER: Have them ask for the survey. We could usually make available engineers to do this.

The CHAIRMAN: Item 30 carried. Item 32.

Mr. MacNICOL: Mr. Chairman, would you mind reverting to item 31 for a moment?

Mr. GARDINER: Can we not carry item 30?

Mr. MacNICOL: You say, "Carried, carried," Mr. Chairman, but I have a question to ask.

Mr. GARDINER: This is item 30. Let us get item 30 out of the way first.

Mr. MacNICOL: I am satisfied to let item 30 pass.

Mr. GARDINER: It has not been passed yet.

Mr. ZAPLITNY: I want to say something on item 30, while we are on the subject of floods. I want to continue what I started a few days ago when I gave way to another hon. gentleman. This is in connection with a matter with which the minister is familiar. It has to do with the construction of certain projects in the Dauphin area. I think we should get cleared up once and for all just how far the minister's department is prepared to go in assisting in a financial way toward the construction of projects which will prevent flooding. I should like to refer the minister to his own words on April 23, when, speaking in another connection, he said this in relation to the Dauphin situation, as reported at page 3291 of *Hansard*:

> It is much more important that we get busy, as soon as possible, with some understanding as between ourselves and the province, and then between the province and the municipality, to have that job done and done in a way that will avoid that flooding. Then the people in that district will not need assistance under this act . . .

And so on. I took that to mean that the federal government intended to take some part in helping to construct control dams or drainage facilities so that flooding may not occur again.

I should also like to refer the minister to his letter of April 27 of this year to myself, in which he said this:

> I think the point has been reached where some definite plan ought to be proposed by the provincial government to deal with the situation in which they and the municipalities are prepared to join with the federal on a three-way basis. This would put us in a position to consider whether we can assist to the extent required.

I took that to mean that the federal government was prepared to enter into an arrange-

ment with the municipalities concerned and the province on a three-way basis.

Mr. GARDINER: That is under another item. I wish the hon. member would let us pass this item and get to the one in which he is interested. That is the item on the other page of the estimates. If we can get rid of this item, I should like to do so. We have been three days talking about everything under item 30. The hon. member is not on that item at all. The item he wants is a special vote over on the other page.

Mr. ZAPLITNY: What item is that, Mr. Chairman?

Mr. GARDINER: Item No. 39.

Mr. ZAPLITNY: No. That is clearing and settlement of new lands.

Mr. GARDINER: Item 39 is the vote under which it comes.

Mr. ZAPLITNY: Item 39, the clearing and settlement of new lands? That seems a strange place for it; but if the minister says so, I will take his word for it.

Mr. KNOWLES: The governor in council has to approve it, and that gives you a great deal of latitude.

Mr. GARDINER: I will answer the question when we get to that item.

Mr. ZAPLITNY: That is all right.

The CHAIRMAN: Is item 30 carried?

Item agreed to.

The CHAIRMAN: Item 32.

Mr. MacNICOL: I was going to ask a question on item 31.

The CHAIRMAN: Item 31 was carried, but I understand that the hon. member for Davenport would like to ask a question in connection with it.

Mr. MacNICOL: I shall be only a moment. In the details of services, on page 108, of the estimates, pertaining to item 31, I find the following:

Acquisition of land and/or construction of buildings, works and structures, $1,998,500.

Did those buildings not come from the air field?

Mr. GARDINER: That is a term which is used in connection with every item, as the hon. member will notice if he turns back to the items as they appear. That terminology is used with regard to other items.

Mr. MacNICOL: What land did we have to buy there?

[Mr. Zaplitny.]

Mr. GARDINER: Land that is flooded and belongs to some individual.

Mr. MacNICOL: On one side of the river it belongs to the Blood Indians, does it not?

Mr. GARDINER: Yes, on one side is the Indian reserve. We bought it. We had to buy it.

Mr. MacNICOL: As long as the Blood Indians received the same rate per acre as did the whites on the right side of the river did, I will not find any fault with regard to that. The buildings were brought down from some other place, were they not? I saw those buildings before they were removed.

Mr. GARDINER: There are no buildings of any account there that we have or that we are going to build, but that term is used to cover everything. The buildings may be worth only $1,000. I do not know what they would be.

Mr. MacNICOL: There is a great deal more than that. The buildings belong to the government. They were at the airfield—

Mr. GARDINER: There are a few of them. I do not know just what they are.

Mr. MacNICOL: —near Lethbridge.

Mr. GARDINER: Yes. There were two buildings brought from somewhere near Lethbridge.

Mr. MacNICOL: It looked to me like quite a number of buildings.

Mr. GARDINER: There were many buildings put up by the construction company. A whole village was built by the construction company; that was the Wells Construction Company. They built a school. That was to accommodate the people who were working on the job. All that has to be covered.

Mr. MacNICOL: All right.

Special—

32. Prairie Farm Assistance Act, $500,000.

Mr. MILLER: There are two or three questions which I wish to ask under this item.

Mr. GARDINER: Might I ask the permission of the committee to go on for fifteen minutes or so after eleven o'clock, to see if we can pass some of these items and clear them up? It is just about eleven o'clock, but I should like to clear up some of these items.

Mr. MILLER: I wish to ask a couple of questions.

Mr. BENTLEY: On the point of sitting after eleven o'clock, may I ask if there is any good reason why we should do so, Mr. Chairman? If so, what is it?

Mr. GARDINER: There is a good reason; or at least there is this reason, although it may not be a good one. I am going away in the morning. That, however, does not make it impossible to carry on, as someone said the other night. But I am afraid that there will be no one here who will be able to give some of the answers that hon. members will want. If they wish to get along without those answers, that is all right with me.

Mr. KNOWLES: Is the minister not coming back?

Mr. HARRIS (Danforth): It is not yet eleven o'clock. I would suggest that the hon. member for Portage la Prairie be allowed to proceed with his questions.

Mr. MILLER: I will not ask more than about four or five questions anyway.

Mr. BENTLEY: Just a minute. Are we to sit after eleven o'clock? If unanimous consent is necessary for that, it is not given.

Mr. MILLER: It is not eleven o'clock yet. I can ask my questions before eleven o'clock, if the hon. member will allow me to do so.

The CHAIRMAN: Order. It will be necessary to ask for unanimous consent before eleven o'clock.

Mr. KNOWLES: You are too late now.

The CHAIRMAN: Is it the unanimous will of the committee that the committee should continue to sit for fifteen minutes after eleven o'clock?

Some hon. MEMBERS: Carried.

Mr. BENTLEY: No.

Mr. HARRIS (Danforth): It is within one minute of eleven o'clock.

Mr. GARDINER: I would remind the hon. member for Swift Current that one of his own group the other night asked to have us go on beyond the time for adjournment. I have no particular desire in the matter. I am quite prepared to sit, if it is the desire of the committee to sit; if not, it will not make any difference.

Mr. KNOWLES: There are no by-elections on tonight.

Mr. GARDINER: Somebody else will handle the matter later on.

Mr. MILLER: Mr. Chairman, I should like to ask my questions.

The CHAIRMAN: Order. I wish to clarify the situation.

Mr. HARRIS (Danforth): With all due respect, Mr. Chairman, may I point this out? The minister has been kind enough to say that he finds it necessary to absent himself tomorrow. It is just a few minutes that is being asked for. Perhaps a few questions could go on the record.

The CHAIRMAN: Does the committee give unanimous consent to sitting for fifteen minutes after eleven o'clock?

Some hon. MEMBERS: Agreed.

Mr. BENTLEY: No; because we cannot finish.

The CHAIRMAN: There is not unanimous consent.

Mr. GARDINER: We do not need to finish. Why not allow the hon. member to ask those two questions?

Mr. BENTLEY: I want to ask some, too.

Mr. GARDINER: We will let you.

Mr. BENTLEY: It will take until twelve o'clock.

Mr. GARDINER: We will let you ask your questions in any event. I understand that one or two members have waited here for two or three days in order to ask one or two questions. It will take only two or three minutes to answer them. I think the members of the committee are quite prepared to sit in order to allow them to ask those questions and have them answered.

The CHAIRMAN: It is the unanimous decision of the committee then, that it should continue to sit for ten minutes.

Mr. MILLER: I will get my questions in. In the first place, would the minister clarify two or three points for me in connection with the Prairie Farm Assistance Act? I should like him to put on record the answer to this question: Does flooding damage qualify under the Prairie Farm Assistance Act, provided that other conditions are satisfied.

Second, if flooding is such as to prevent any seeding can benefits be claimed under the Prairie Farm Assistance Act.

Third, in the event of no wheat being harvested in an area, what yardstick is used in order to compute the benefits?

Fourth, in connection with river lots which can be included under the act, through the amendment made this year, how can river lots which have not been included in the present order in council be brought under the act by order in council in order to participate in any benefits through flood damage this year?

Mr. GARDINER: The hon. member wrote me asking these questions. I am sorry that the reply has not yet reached him, although I wrote him today.

The answer to the first group of questions having to do with the method by which an area establishes itself to receive payment under the Prairie Farm Assistance Act is, I think, as follows:

In the first place, if all other conditions are met, payments can be made on account of the flooding; and payments have been made in quite a number of townships.

On the second point, as to whether payments can be made in an area where no wheat has been harvested, and with respect to the question concerning the yardstick in such case, may I say that if grain of any kind has been seeded, there would be no question at all about the matter. If wheat is not harvested and oats and barley are harvested, or any other grain crop, then the other grain crop is substituted for wheat; and there is an established relationship so far as bushels per acre are concerned. But if there has been anything seeded and nothing at all is harvested, then it is self-evident that there has not been a four-bushel crop. Of course that would be a complete crop failure which would warrant a payment of $2.50 an acre.

The suggestion, that there may be an area where, because of flood conditions, nothing is seeded at all, leads me to say that it is difficult to conceive of there being an area of a whole township where nothing is seeded. There are probably ten acres or a thousand acres seeded somewhere. If there were no crops seeded at all, there would not be any doubt; and I do not think there would be any doubt, either, if there were not any crops, and if conditions were such that the crops could not be seeded. For example, a farmer could be paid if he did not seed any ground at all, provided that he summer-fallowed and then cultivated the land. Those provisions are all made in the regulations and in the law.

Then, in connection with river lots, it will be recalled that earlier in the session we put through legislation which made it possible for us by order in council to indicate what the units are to be. As soon as that has been established, it will apply. It applies retroactively for the present crop year; that is, the year we have just gone through.

Mr. MILLER: The order in council which has been passed includes only some of the river lots in the parishes of Baie St. Paul and St. Francois Xavier, whereas other lots at the present time are under water. If these, that are not specifically named in the order in council, qualified, they could be entitled to claim benefits this year?

Mr. GARDINER: Yes; I understand the legislation as it now stands gives us authority to pass any number of orders in council necessary to cover all the river lots. Those which are covered in the order the hon. member has are those which were affected in 1947. Any that are affected in 1948 will be covered by another order in council.

Mr. MILLER: For instance, at St. Francois Xavier there are possibly 25,000 acres which may not be seeded and which might not be in shape for cultivation. It cannot be stated definitely yet, but that is possible. Would they be able to claim benefits? There might not be an acre either seeded or summer-fallowed.

Mr. GARDINER: Yes, there is sufficient leeway under the act to make provision for making payments where no crop is harvested. The condition of flooding brings that about. We can take care of that.

Mr. MILLER: Even though it is not seeded or summer-fallowed?

Mr. GARDINER: That is right; it is not necessary to seed.

Mr. ZAPLITNY: In reply to a question asked some time ago in connection with overpayments made under the wheat acreage reduction arrangements, which were later charged against payments being continued under prairie farm assistance, the minister answered that it was contrary to the policy of the government as visualized under the act, and that it has been discontinued. I asked under what authority it was done, and the answer I received was vague. However I am not so much concerned about that at the present time as I am about whether in cases where deductions were made, and apparently contrary to government policy, refunds will be made. I have been receiving inquiries about the matter.

Mr. GARDINER: We have not had any objections respecting any of those collected. I presume that the individuals from whom they were collected were quite satisfied that they had to pay the other debt, anyway, and they allowed it to pass. The reason I say it is contrary to policy is that we have put into the act a section which states that people cannot attach these moneys payable under the act. The reason is that these moneys are to carry people through the winter, into another season. It was not intended that any implement company, or anybody else, should attach these moneys. And I do not think that we as a

government should attach sums which we do not allow anyone else to attach. So we have taken the position that this should not have been done. Some official did it, and payments were made. So far as I know, no one has made application to have the money refunded. It would simply mean that they would have to pay the debt again, and apparently they have allowed it to go by in that way.

Mr. BURTON: Owing to the lateness of the hour, I do not wish to go into any long controversy respecting the pros and cons of the matter I wish to raise. Yet at the same time I cannot let this opportunity pass without once again reminding the minister, and urging him, that consideration must be given to making the necessary changes in the act so as to permit payment to farmers who have suffered from loss of crop, so that compensation can be made without their being included in such a large area. While it is true that we possibly cannot get it down to an individual basis, for which some people are asking, at least I think the minister and his officials should give serious consideration to the matter, and if it is not possible this year, then possibly in another year we may be able to extend the provisions so that farmers suffering loss of crop will be compensated.

It is unnecessary for me to give the whole argument again, but it does seem so unjust when we collect from the farmers on the percentage of the grain that they delivered in the years they had crops, and then when they lose a crop they cannot get compensation just because they happen to be on the other side of the township line from those who do receive compensation. I make this appeal once again and at the same time register a protest at this being allowed to go on.

Mr. GARDINER: I think I said earlier in the session that the municipal association had suggested that I call a conference this summer to discuss the possibility of making an arrangement among the municipalities, the provincial government and this government to take care of these smaller areas. I wrote back and said that, in view of the fact that they had representations to make, I would prefer their calling the conference. I have had a letter back from them saying that they had no objection to doing that. I expect that they will be calling a conference and that we shall be considering this matter before the next session.

Mr. BURTON: During the years this act has been in effect, a good many farmers have gone without compensation who were morally if not legally entitled to it. I hope the minister will not try to keep too close to the line as to who should call the conference. Let us get together and have this thing done.

Mr. GARDINER: We shall have it.

Mr. BENTLEY: I hope the committee will appreciate my co-operative spirit in not vetoing the extension of the sitting. I have two things I should like to bring up. The first has to do with the amendment which was made to the act last year by Bill No. 261, by which the definition of farmer was changed to read:

> "farmer" means a person who as owner or tenant operates a farm in the spring wheat area or who as a member of a co-operative farm association is engaged in farming in the spring wheat area.

During the sittings of the committee we understood that prairie farm assistance payments would be made to members of co-operative farms. I have two examples I wish to give tonight to show that the spirit of the act is not being carried out. I do not know whether this is legal, because I am not a lawyer, but I want to point out what has happened in two cases.

The first co-operative farm comprises 524 acres and it has six members. They made application for payment; it was considered proper that payment should be made, but it was done in this way. The 524 acres were divided by six, the number of people in the co-operative. Two of those members are not operating any land other than their share in the co-operative farm. The four who were operating other land received one-sixth of the payment based on the 524 acres, but the two who were not operating any outside land received nothing. In my opinion that is not what was intended when the act was amended.

The other co-operative farm is smaller, comprising only 175 acres and having four people as members. One of them is not a farmer outside of his operations in the co-operative. The same type of division was made, the number of acres being divided by the number of shareholders. The three who were operating other farms received prairie farm assistance payments of one-quarter, but the other fellow got nothing. I think this is an entirely wrong situation and I did not want to let it pass without bringing it to the attention of the minister.

Mr. GARDINER: What are the names of those co-operatives?

Mr. BENTLEY: The Turner co-operative farm and the McIntosh co-operative farm.

Mr. GARDINER: I understand that the position is the same in both cases. There is a

group of people farming co-operatively, and some of them have an interest in pasture land which has been seeded. Some of them are not bona fide farmers. The group that are farmers have received payment, but those who are not have not received anything. The principle is the same as that of a station agent who owns a farm, not a co-operative, but who does not live on it or work it. That man would not be paid whether he is in a co-operative or not. I understand that the farmers who have farm land have claimed on part of that pasture land because it has been seeded. That has been added to their other farm in order to get the acreage. They have been paid the same as anyone else would be. It is impossible under the act to pay anyone who is not actually a farmer.

Mr. BENTLEY: Am I to understand that the two in the Turner farm and the one in the McIntosh farm are engaged in other remunerative occupations?

Mr. GARDINER: I understand that one is a domestic servant. I cannot tell the hon. member what the others are doing, but they are not bona fide farmers or they would be paid.

Mr. McLURE: On a point of order. Is it eleven o'clock? Are we going to sit until twelve o'clock or until what time?

The CHAIRMAN: I understand that the hon. member is about through, and perhaps he might be allowed to complete his remarks.

Mr. BENTLEY: I would point out to the hon. member for Queens that I withdrew my objection to unanimous consent being given, so that a member of his own group, the hon. member for Portage la Prairie, could complete what he wanted to say.

The other matter I wanted to bring up is whether a man who knows he is going to have a crop failure should be permitted to engage in some other occupation. If a man in a dried-out area takes a job as an elevator agent where the elevator will be open for only three months, is he considered to be earning other money?

Mr. GARDINER: The act stipulated that a person must be a bona fide farmer from May 1 until November 1. Whenever a person loses a crop he can go and take a job under the interpretation of the act, but he must be back on his farm before May 1 of the next year in order to collect the payment. He is paid in the spring of the year when he comes back to the farm to take up his operations for the next year. If he never comes back to the farm to take up his operations he is not paid, because the intention of the act is to make it possible for a man to live on a farm through the winter and to put in another crop. If he does not go back he is not paid; if he goes back he is paid. Where a man is operating an elevator during part of the season he has always been paid, but if a man operates the elevator all the year round and is paid every month, he does not get paid.

Mr. BENTLEY: Is that carried out in every case?

Mr. GARDINER: If we get the facts.

Mr. QUELCH: I want to ask a question arising out of the minister's reply to the hon. member for Portage la Prairie. Did I understand him to say that the act is wide enough to allow payment of the bonus on land that is flooded, even though it was not seeded? I ask that question, because the bonus is paid on the basis of cultivated land, and cultivated land is defined as land that is seeded to crop or in summer fallow. Is the government going to define all flooded land as summer fallow?

Mr. GARDINER: We have paid the bonus in the district my hon. friend comes from on land that could not be summer-fallowed because they said it was too dry for summer-fallow.

Mr. QUELCH: But that land was seeded.

Mr. GARDINER: It was neither summer-fallowed nor seeded, but we paid the bonus because the land was too dry to do summer-fallowing. I think it would be just as justifiable to pay the bonus because the land was too wet.

Mr. QUELCH: It is the first time I have ever heard of the bonus being paid on land that was not cultivated or seeded. They have always insisted that a man should at least run a drill over the thistles or at least burn the thistles off and scratch the ground.

Mr. McCUAIG: There is an increase of $200,000 in this item. Is that because of administration or payment of the bonus?

Mr. GARDINER: We had to get a supplementary estimate last year. As my hon. friend will know, coming from almost the centre of the district, we had one of the largest drought areas there last year that we ever had, and the sum of money we had in the estimates for taking care of areas similar to those we had the year before was not sufficient, so that more money was required.

Mr. McCUAIG: The minister has just said that I come from the centre of that drought district. I should like to make one more

appeal to the minister to reduce the number of sections to fewer than nine, or, if possible, to pay the bonus on an individual basis. The argument used in the house before for making it nine sections was that the land was sub-marginal land, but, coming from that district, I know that all the sub-marginal land has been eliminated in the last thirty-five years and now it is good land. A further argument was made about sandy land, but there is very little sandy land in the west. Any land that has not had a crop did not get a crop because it did not get the rain, which will fall on some sections and miss others. This crop failure bonus takes the place of direct relief, and any time that a man needed direct relief in the township he was not barred because he lived in a section that did not get a crop. He was given relief because he needed it. This year the crop bonus came along to take care of crop failures; but just because a man is outside the township and has a row of sections in the north end, say, of another township, or on either side, he is debarred from getting the bonus. I would appeal to the minister to take into consideration that there is no possibility of these men getting any relief at all. They are denied relief by the municipality and by the provincial government, and there is no set-up to take care of them whatsoever.

Mr. GARDINER: That is the question to be discussed at the conference.

Mr. McCUAIG: I hope it will be, but in the meantime these men are counting on assistance and they do not get it. The intention of the act was to take care of land which has had a crop failure. Why should we pass laws that deny them this right? They paid in the levy of one cent a bushel, and now they are out. I know the minister is a practical farmer but probably he has not seen the cases of actual hardship caused by present conditions. At the present time every section is inspected, and the inspection department is efficient. I would again appeal to the minister to pay the bonus on an individual basis.

Item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull) moved the adjournment of the house.

Mr. HARRIS (Danforth): Mr. Speaker, now that it is eleven o'clock, may I ask the government what will be the business for tomorrow?

Mr. FOURNIER (Hull): Tomorrow we shall proceed with the following bills: second reading of Bill No. 228, to amend the Excise Act, 1934; second reading of Bill No. 229, to amend the Customs Act; second reading of Bill No. 327, to amend the Canada Evidence Act; second reading of Bill No. 329, to amend the Judges Act, 1946; second reading of Bill No. 326, respecting the dominion bureau of statistics. I understand that these are very small and non-contentious bills. Then we shall go into supply and consider the estimates of the Post Office Department, Trade and Commerce, and Secretary of State.

Motion agreed to and the house adjourned at 11.30 p.m.

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

DEPARTMENT OF AGRICULTURE

30. Prairie Farm Rehabilitation Act and water storage (does not include the costs of survey and engineering work on the Medicine Hat irrigation and Red Deer diversion projects in Alberta and the South Saskatchewan river project in Saskatchewan, which costs are to be made available from the item of $1,000,000, No. 409, Department of Reconstruction and Supply), $3,000,000.

31. St. Mary river dam project, $2,200,000.

32. Prairie Farm Assistance Act administration, $500,000.

HOUSE OF COMMONS

Thursday, June 3, 1948

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

SEED RELIEF, SASKATCHEWAN

Mr. McCUAIG:

1. What was the total cost of federal seed and relief in Saskatchewan, 1914-1923 inclusive?
2. What are the main districts in Saskatchewan against which this relief is outstanding?
3. How many of such original recipients still own the land in Saskatchewan against which this relief was filed?
4. How much principal (a) has been repaid; (b) has been cancelled; (c) is outstanding at this date?
5. How much interest (a) has been repaid; (b) has been cancelled; (c) is outstanding at this date?
6. When were the last official notices to pay up sent to the recipients of this seed and relief?
7. What is the cost to the federal treasury of keeping open this account for seed relief since 1945?

Mr. MacKINNON:

1. Total amount advanced in the years 1914-1923 inclusive, $10,132,640.43.

2. Information not available by districts.

3. We do not have record of the registered owners of the encumbered properties in this department. To find out how many of the original debtors still own the land, it would be necessary to enquire from the registrars of the various land registration districts of Saskatchewan.

4. As at March 31, 1948—(a) $8,417,887.08; (b) $283,750.07; (c) $1,431,003.28.

5. As at March 31, 1948—(a) $1,432,900.20; (b) $484,985.94; (c) $1,652,009.45.

6. The practice of sending annual statements of seed grain indebtedness was discontinued in 1930 due to the depression and has not been resumed.

7. The cost of seed grain collections since 1945 is estimated as follows:

1945-46	$7,000
1946-47	7,000
1947-48	8,000
Total	$22,000

About half the work in seed grain collections concerns Saskatchewan and the estimated expense for Saskatchewan would be one-half the above total, or $11,000 since 1945.

COMMONWEALTH CONFERENCE

Mr. CHURCH:

1. Has the government taken any steps requesting Britain and the other dominions to hold an empire conference in London, on trade, defence and migration within the empire?
2. If so, what has been the result?

Mr. ST. LAURENT:

1. No.

2. Answered by No. 1.

OIL, POTASH AND URANIUM—SURVEYS IN THE PRAIRIE PROVINCES

Mr. DIEFENBAKER:

1. Are any surveys to be undertaken during the present summer under the direction of the department of mines and natural resources in Manitoba, Saskatchewan and Alberta for the purpose of locating oil, potash and uranium?
2. If so, how many parties will be sent out?

Mr. MacKINNON:

1 and 2. The following geological parties will be sent out in the field: Alberta, five; Saskatchewan, two; Manitoba, five.

These parties will be engaged in general geological mapping in areas favourable to the search for oil and other minerals.

The potash in Saskatchewan occurs at depths of 3,500 to 7,000 feet and can be located only by exploratory drilling. An officer of the department keeps posted on the situation.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CHICOUTIMI, QUEBEC, TELEGRAPH LINES

Mr. GAGNON:

1. Have any telegraph lines formerly owned by the government or the Canadian National Railways, in the county of Chicoutimi, been sold or transferred to Jules Brillant, or someone else?
2. If so, for what amount?
3. What was the cost of construction of the said lines?
4. Why did the government dispose of such lines?

ESKIMOS

Mr. BENIDICKSON:

1. What was done last year to improve the health of Eskimos in Canada?
2. What is the Eskimo population of Canada?
3. Is it increasing?

FLOOD CONDITIONS

BRITISH COLUMBIA—MESSAGE OF SYMPATHY FROM GREAT BRITAIN—FRASER RIVER RELIEF AND REHABILITATION COMMISSION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I received this morning the following telegram from the Prime Minister of Great Britain, the Right Hon. C. R. Attlee:

On behalf of my colleagues and myself I should like to express to you the deep regret with which we have heard of serious floods in British Columbia and our sympathy with those who have been rendered homeless.

In reply to that message I sent the follow- acknowledgment:

I thank you warmly for the expression of sympathy from your colleagues and yourself for those rendered homeless by the disastrous floods in British Columbia. Immediately on its receipt I communicated your message to the Premier of British Columbia. The sympathy of the United Kingdom government will be deeply appreciated by all the people of Canada, and especially by those of the stricken area.

Referring to the flood conditions in the Fraser valley, I have this morning been in further communication with the premier of the province, Mr. Byron Johnson, concerning the floods in the Fraser valley, and I should like to make a statement to the house with reference to where the matter stands as between our two governments at the present time.

It is clear that the damage has already reached such proportions that federal assistance will be necessary, not only for relief, but also for rehabilitating and restoring the devastated areas. To help in allaying anxiety in the minds of thousands of Canadians who are homeless and who have lost so much in this terrible disaster, I have, with the approval of my colleagues, informed the premier that the federal government is prepared to assist the province financially, not only in meeting the expenditures required for immediate relief, but also in meeting the cost of rehabilitation and restoration. The two governments are continuing to co-ordinate, in the most effective manner, the services of provincial and federal departments, and are in consultation on the extent of the financial needs, their equitable apportionment, and the supervision of expenditures.

[Mr. Gagnon.]

I might say our government has in mind, and I have suggested to the premier of British Columbia, the appointment of a representative of our government at Victoria and the appointment by the government of British Columbia of a representative of their government, the two to become members of a commission that might be called the Fraser valley relief and rehabilitation commission, to have general supervision over the entire situation, and be able to deal with questions as they may arise from hour to hour, as well as from day to day.

I am not in a position as yet to say who will be named; I think, however, it is well that hon. members and the people of British Columbia should know that the two governments have felt that what I have mentioned would be the most effective manner of having the two governments work together in connection with matters which have already arisen or may develop from now on.

Hon. BROOKE CLAXTON (Minister of National Defence): Mr. Speaker, I thought hon. members might be interested to learn something of the exact situation in the Fraser valley as reported to me by the area commander.

The report would indicate that along the Fraser river delta the general situation has deteriorated slightly in one or two sectors, but on the whole the situation is reasonably favourable.

To the north along the Fraser river, Lillooet was reported to be isolated, and in the interior the threat along the Columbia river continued with flooding in the low-lying sections in the Trail area.

All personnel are extremely tired, as they have been working hard for very long hours; but morale and discipline are excellent. The control organization is functioning well, with excellent liaison at all levels.

Ten officers and two hundred other ranks of the Princess Patricia Canadian light infantry are being flown in from Calgary as reinforcements, one hundred today, with the remainder tomorrow. This personnel will be deployed in the Chilliwack area on the south bank, on arrival.

There was little change in the over-all army manpower figures, with a total of 1,482 actively participating, as follows: Active force 590; reserve force 892. Large numbers of civilian personnel continue to assist, with approximately 1,000 being employed under army sector commanders. Fifty-eight set battery situation now appears to be satisfactory. Additional quantities of D8 twisted cable are being dispatched today via air.

The disaster wireless net is working well. A small amount of commercial traffic is now being carried by army circuits between Calgary and Victoria. A line system is being laid along the dikes to improve communications. Four radio cars are now operating, working into the B.C. Telephone Company net.

The area commander in a signal has this to say:

Sector commanders are working very hard and their organization and planning is first-class. Most civilians are co-operating very well and appear to be glad that there is a unified control. We have our troubles, of course, but that is to be understood. Brigadier Murphy is in charge of the manpower and material section and Brigadier Rockingham is in charge of the liaison section. Both these sections I set up yesterday and both are functioning well.

"The navy is here," as Mr. Churchill would say, and is doing a magnificent job. I am filled with admiration for the way in which the air force is meeting every demand. My relations with the respective commanders are most amicable.

COMBINES ACT

INQUIRY AS TO ACTION ON COMMISSIONER'S REPORT ON OPTICAL GOODS

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, may I address a question to the Minister of Justice? Can he say what action the federal government intends to take, either by itself or in conjunction with the attorneys general of the provinces, in respect to the disclosures contained in Mr. McGregor's report on optical goods?

Right Hon. J. L. ILSLEY (Minister of Justice): The report is being studied with a view to determining whether a prosecution is proper in the circumstances or not. The report has been sent by the commissioner to the attorneys general of the provinces, and if the usual course is followed, and I assume it will be, the attorney general of the province or provinces in which most of the activities took place will be asked whether he intends to prosecute or would prefer that the dominion assume responsibility for the prosecution. The dominion government will decide upon its course in the light of the reply that it gets.

Mr. DIEFENBAKER: If I may ask a supplementary question, what is the justification for the minister publishing a report such as this, which condemns before the bar of public opinion companies and individuals who may subsequently be found to be not guilty, as were those similarly condemned, namely the dental corporations, in an action taken recently by the department?

Mr. ILSLEY: The principle of publication of the reports of the commissioner has always been contained in the Combines Investigation Act, and the course now being followed is the course which has always been followed in the past. It is open to argument whether the report should be secret. That point has been debated in the house in previous years, as many years ago, I think, as thirty or forty, and it has been decided that the public is entitled to know what the commissioner has ascertained. The commissioner is expected to be careful, and I think is careful, not to make his report into a brief for the prosecution. He is expected to publish the facts and his conclusions on the facts. I doubt whether the results of the prosecutions that have taken place indicate that anybody has been greatly prejudiced by the publication of his report.

EGGS

WESTERN CANADIAN MOTOR TRUCK EXPRESS TARIFFS

On the orders of the day:

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Speaker, immediately following the issuance of March 30, 1948, of Order No. 70425 of the Board of Transport Commissioners for Canada, Canadian National and Canadian Pacific express services increased to 75 cents the minima provided in motor truck competitive express tariffs in western Canada.

The government has received numerous representations in respect of the shipment of eggs which were formerly carried at a minimum of 35 cents. Upon directing this matter to the attention of the railways, it was ascertained that the railways have likewise received many representations and that the question of adjustment of this minimum was under active investigation. I am pleased to be able to announce that as a result of their studies, the railways have come to the conclusion that a downward revision in the minimum applicable to eggs is warranted and that the western Canadian motor truck competitive express tariffs will be revised to provide a minimum for eggs of 50 cents in place of the minimum of 75 cents at present in use.

Tariff revisions effecting this change are to be forwarded to the transport board in the next few days and will become effective on or about the 9th instant.

LABOUR CONDITIONS

P.E.I. LABOUR ACT—INQUIRY AS TO DISALLOWANCE

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): May I be permitted to direct a question to the Minister of Justice? Has he any statement to make in regard to representations

made to him for the disallowance of Bill No. 31, known as the P.E.I. Labour Act?

Right Hon. J. L. ILSLEY (Minister of Justice): Yesterday afternoon a delegation consisting of representatives of the major labour organizations in Canada, the trades and labour congress, the Canadian congress of labour and the railway brotherhoods, presented to myself and certain of my colleagues a petition for disallowance of the legislation in question. They were assured that their petition would be given careful consideration.

WELLAND SHIP CANAL

STATEMENT AS TO TRAFFIC REGULATIONS AFFECTING TOURISTS

On the orders of the day:

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Speaker, yesterday, the hon. member for Lincoln (Mr. Lockhart) inquired why tourists are not being allowed to approach the Welland ship canal at close range, and more particularly the flight locks at Thorold, which are considered the centre of attraction along the canal. He stated that he had received many complaints. So have we in the Department of Transport. The officers of the department have given serious consideration to the question of relaxing the canal regulations at this time. Their advice is against it, and in view of the circumstances I feel that I should concur in their view. The position therefore is that tourists for the time being at least, will not be allowed to approach the Welland ship canal at close range.

FOREST FIRES

ONTARIO—INQUIRY AS TO DOMINION GOVERNMENT ASSISTANCE

On the orders of the day:

Mr. RODNEY ADAMSON (York West): I would like to ask a question of the Minister of National Defence, of which unfortunately I have not been able to give him notice. Has any request been made to the government for help through the use of troops or the air force or other personnel to combat the very serious forest fires now raging in Ontario north of Sault Ste. Marie?

Hon. BROOKE CLAXTON (Minister of National Defence): No such request has been made.

[Mr. Gillis.]

WHEAT BOARD

QUESTION AS TO REFERENCE OF ANNUAL REPORT TO AGRICULTURE COMMITTEE

On the orders of the day:

Mr. P. E. WRIGHT (Melfort): Last week I asked the parliamentary assistant to the Minister of Trade and Commerce if the annual report of the wheat board would be referred to the agriculture committee of the house this year as usual. He said that the minister would reply when he returned. Has the minister any information in the matter?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): I have not had a chance to consult the chairman of the committee, but there is no objection to referring the report to the committee. If it is the wish of the committee that the report be considered I shall be glad to refer it, accordingly.

INQUIRY OF THE MINISTRY

REFERENCE TO BY-ELECTION IN YALE, B.C.

On the orders of the day:

Mr. A. L. SMITH (Calgary West): I have a question to direct to the Prime Minister or to the Minister of National Defence. In view of the fact that our attention has been directed to British Columbia, I wonder whether they do not think that our two parties should rise and sing, "Yale, Yale, the gang's all here!"

Mr. KNOWLES: Very good.

EXCISE ACT AMENDMENT

ASSESSMENT OF DUTY ON MALT RECEIVED INTO BREWERIES

Hon. J. J. McCANN (Minister of National Revenue) moved the second reading of Bill No. 228, to amend the Excise Act, 1934.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

Sections 1 to 23 inclusive agreed to.

On section 24—Regulations.

Mr. KNOWLES: May I ask the minister whether this bill, which we are putting through rather speedily, involves anything other than administrative changes?

Mr. McCANN: There are no changes other than administrative ones.

Mr. HACKETT: Do the regulations which the governor in council is enabled to pass under section 180 include punitive regulations such as incarceration and fine?

Mr. McCANN: No.

Mr. KNOWLES: Why not?

Section agreed to.

On section 25—Failure to comply with requirements of act and regulations.

Mr. FULTON: The penalties under this section have been increased five times. A new requirement is apparently being laid down with which it may take brewers some time to familiarize themselves. Why is it necessary to increase the penalty five times at the same time as this new requirement is introduced?

Mr. McCANN: The reason is that the onus is now on the brewer. There is an additional penalty in that his licence is subject to cancellation.

Mr. FULTON: The onus is now placed on him. He has a new requirement to meet, and yet if he makes a slip, whether he does it inadvertently or deliberately—we will say that it is inadvertent in respect of the new requirement—he is subject to a penalty five times as great as it was before. Why is it necessary to increase the penalty? Has there been evasion, or has the department just got nasty-minded and decided we should have a heavier penalty?

Mr. McCANN: I am told the reason is that the malt is now in the hands of the brewer, and for that reason there is a greater responsibility. Because of that the penalty is higher.

Mr. HACKETT: Is the explanation that the malt was previously in the custody of the department under an excise officer, and it has now been transferred to the brewer, in consequence of which he is liable to greater penalties because if he does not carry out the regulations it constitutes a breach of trust? Is that the answer?

Mr. McCANN: Formerly the brewer secured his malt from the malt house. The duty was paid at the malt house, so that now there is a greater responsibility upon him.

Mr. HACKETT: The malt house being under departmental regulations and officers of the government.

Mr. McCANN: Yes, that is correct—under excise officers. When it is transferred, a greater responsibility rests upon him, and of course if there is an infraction the penalty is greater.

Mr. MERRITT: The minister used a strange remark in answer to the question of the hon. member for Kamloops. He said, "I am told" the penalty has been increased.

Mr. McCANN: I was told by the officers.

Mr. MERRITT: Am I to understand then that the minister did not exercise his own mind in the decision whether this penalty should be increased or not?

Mr. McCANN: I exercised my own mind, certainly, but one cannot carry in his head all the reasons for the actions which have been taken, and I do not think there is any harm in having one's memory refreshed by the officers. That is why they are here.

Mr. MERRITT: As I understand it, the malt used to be in the malt house under part IV which is being repealed. The minister says the penalty should be increased because now there is additional responsibility upon the brewer. What was the penalty upon the malt house under part IV? Was it $5,000 or $1,000?

Mr. McCANN: The penalties are set out in sections 208, 209, 210, and as far down as 214 of the Excise Act. For example, section 234 of the Excise Act provides:

> Every person who, without having a licence under this act, then in force, makes any malt or steeps any grain or leguminous seeds for the purpose of malting, is guilty of an indictable offence, and shall, for the first offence, incur a penalty of one hundred dollars, and for each subsequent offence a penalty of two hundred dollars.

Then section 235 makes this provision:

> Every person who becomes liable to a penalty provided for in the last preceding section, shall, in addition thereto, forfeit and pay for the use of His Majesty double the amount of excise duty and licence duty which should have been paid by him under this act.

There are other sections dealing with illegal possession of apparatus, fraudulently putting grain into a cistern, removing malt before account is taken, selling malt unlawfully manufactured—all with the penalties set out.

Mr. MERRITT: It seems strange to me that although the duties of the maltster are now put upon the brewer, all the penalties to which the maltster was subject were in the sum of $100 or $200, and never more than $200. They were all set out seriatim so that for one offence there was never a fine of more than $200. Now we have this one increased from $1,000 to $5,000, and yet the responsibility being assumed was assessed at only $100 before.

Mr. McCANN: Something has to be known of the background of this change. Perhaps

I should have made a statement at the outset to clarify the whole situation. This whole bill is designed as an economy measure. For many years malt has been subject to duty at the point of production—that is, at the malt house. It is proposed now to assess the duty as the malt is received at the brewery. It has been estimated that our present control costs in the neighbourhood of $153,000 a year. It involves not only the cost of maintaining continuous supervision over eight malt houses at present under licence, but the larger item of supervising the operations of forty bonded manufacturers who supply malt syrup to 294 industrial users. By these amendments, that is being done away with and we are putting the tax on the malt when it gets to the breweries. The answer to the hon. member's remarks is that there must be additional penalties for infraction because of the fact that, whereas before it was all supervised, now only that part that goes to the breweries will be supervised. One can easily see that quantities could be bought by brewers through other channels of trade and that they would not be subject to the tax.

Mr. FULTON: This presumably will save a considerable number of personnel as well.

Mr. McCANN: Yes.

Mr. LENNARD: Will there not be excise officers in the breweries?

Mr. McCANN: Yes.

Mr. LENNARD: Are they there at the present time?

Mr. McCANN: Yes, but they were in many other places where they will not have to be now.

Section agreed to.

Sections 26 to 29 inclusive agreed to.

On section 30—Malt.

Mr. WRIGHT: How many pounds of malt can be obtained from a bushel of barley?

Mr. McCANN: The standard is 75 pounds of malt from 100 pounds of cereal.

Section agreed to.

Sections 31 and 32 agreed to.

The CHAIRMAN: Shall I report the bill?

Mr. McCANN: Before you leave the chair, Mr. Chairman, I should like to introduce one amendment which will take into account the resolution which was passed yesterday with respect to the Excise Act. That resolution read:

Resolved, that it is expedient to introduce a measure to amend the Excise Act to repeal, effective on and after May 19, 1948, the excise duty on spirits used in the production of vinegar.

The amendment which I will ask my colleague to move will obviate the necessity of opening up the Excise Act again to incorporate in the statute the resolution proposed.

Mr. ST. LAURENT: I move that:

1. Paragraph (c) of the second proviso to the first paragraph of section one of the schedule to the Excise Act, 1934 is repealed.

2. The third proviso to the first paragraph of section one of the schedule to the Excise Act, 1934 is amended by adding thereto the following paragraph:

"(ii) that spirits used solely in the manufacture of vinegar by a manufacturer of vinegar licensed under this act shall be subject to no duty of excise."

Mr. KNOWLES: The purpose is simply to give statutory effect to the resolution respecting vinegar, which we passed the other day when in committee of ways and means?

Mr. McCANN: That is right.

Mr. FULTON: Is it moved as an amendment to Bill No. 228?

Mr. McCANN: As an addition to the bill.

Mr. FULTON: To add the two clauses read?

Mr. McCANN: Yes.

The CHAIRMAN: Shall the amendment carry?

Amendment agreed to.

Bill reported, read the third time and passed.

CUSTOMS ACT AMENDMENT

PROVISION TO GIVE EFFECT TO UNDERTAKINGS IN GENERAL AGREEMENT ON TARIFFS AND TRADE

Hon. J. J. McCANN (Minister of National Revenue) moved the second reading of Bill No. 229, to amend the Customs Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—"Deputy Minister."

Mr. HACKETT: I think it would help if the minister made a statement as to the reasons for the amendments proposed in the bill.

Mr. McCANN: This bill is designed to give effect to undertakings under the general agreement on tariffs and trade adopted at the conclusion of the second session of the preparatory committee of the united nations conference on trade and employment, especially article VII of the said agreement. Article VII defines principles for the determination of

stabilized customs valuations which the signatory countries undertake to accord to importations of goods from each other. The bill revises such sections of the existing law as are repugnant to the agreement, and also removes certain sections which, by reason of changes in conditions, have become obsolete.

Section agreed to.

On section 2—Valuation for duty here determined.

Mr. McLURE: What goods are imported into Canada carrying ad valorem duty? I should also like to know who appraises for ad valorem duty. Are special men called in having regard to the quality or quantity of goods imported?

Mr. McCANN: The officials have not yet arrived, Mr. Chairman, but they will be here in a moment. I cannot offhand give the goods on which there is an ad valorem duty. Appraising is done by the officials of the department who are specially qualified in the particular line of articles of which they make appraisals. For instance, those who are appraising textiles are men who have had experience in that particular line of work and who know the values of textiles. Those who are making an appraisal of machinery, steel, and the like, have had particular training and have become trained in values in those lines.

Mr. McLURE: The minister does not know offhand any articles that are coming in under an ad valorem duty? He cannot name any of them?

Mr. LENNARD: I might say that the statement just made by the minister is reassuring. Not so many years ago a retired hardware merchant was the expert on textiles.

The CHAIRMAN: Shall section 2 stand?

Mr. McCANN: There is no further question there.

An hon. MEMBER: Stand.

Some hon. MEMBERS: Carried.

The CHAIRMAN: Shall clause 2 carry?

An hon. MEMBER: On division.

The CHAIRMAN: Carried on division. Section 3.

An hon. MEMBER: On division.

Mr. HARRIS (Danforth): The minister said that the officers were on the way here, and that when they arrive an answer can be given to the question which the hon. member is asking. He is asking for the answer to a simple question. Surely the section can be allowed to stand.

The CHAIRMAN: When I asked if section 2 was carried, some hon. members said "carried".

Mr. LENNARD: And some said "stand".

The CHAIRMAN: Shall the section carry?

Some hon. MEMBERS: Stand.

The CHAIRMAN: Stand.

Mr. McCANN: Section 2 was carried.

Mr. HACKETT: I am a little bit confused, Mr. Chairman. Has this any relation to the Geneva agreement? If it has, we have not yet discussed the Geneva agreement. In that event, although we are anxious to get on with the business, we should probably await the disposal which the house makes of that other piece of legislation.

Mr. McCANN: I have indicated that the sole purpose of the amendment is to determine a method of standardization of values. It defines principles for the determination of stabilized customs valuations which the signatory countries undertake to accord to importations of goods from each other.

Mr. FULTON: While I realize that this was announced last night as the order of business, I do not think all of us realized exactly what the import of it was. Under this bill we are giving effect to the Geneva trade agreements, particularly to part VII. The banking and commerce committee only two days ago completed its study of the agreements, and they have not yet been before the house for approval. Therefore what we are actually doing here is giving effect to some general provisions which the house has not yet approved. Does the minister not feel that a more logical way of proceeding would be to wait until the Geneva agreements themselves are disposed of by the house, either approved or rejected, and, if they are approved, to introduce a separate bill to give effect to their provisions?

Mr. ST. LAURENT: I think that is what is intended to be done with regard to matters that are of substance in the Geneva agreements. But incidental to the main provisions of the Geneva agreement there were undertakings by the various countries to standardize their practices with respect to the application of customs duties. My information is that Canadian exporters to the markets of the United States have been much more concerned about the practices of appraisal than about the rates of duty. These practices could be dealt with here by the governor in council and by administrative action in the United States. It was a part of the protocol that they would be

provisionally applied as from January 1, 1948, and they are being applied provisionally as from January 1, 1948. Our information is that there was much less complaint about our customs practices than about the customs practices of some of the countries to which we were exporting. It was felt that when the Customs Act was being amended it would be a good thing to put these things into the act and to endeavour to have continued the practices that have been in effect since January 1, 1948.

Mr. HACKETT: What would Canada's position be if approval were not given by the house to the Geneva agreements? Are the practices to which the minister has referred something which of themselves are beneficial even though we do not adhere to all the clauses of the Geneva agreements? Are they something which of themselves are beneficial to the administration of our customs laws?

Mr. ST. LAURENT: That is so, Mr. Chairman. Quite independently of the changes in tariff rates agreed to at the Geneva conference, it would be beneficial to trade to have these customs practices in the form provided by the amending legislation. According to my information that creates a greater certainty and enables a prospective exporter or importer to get in advance a more definite idea of what he is going to have to pay than if the practices remained as they were before. Probably my hon. friend has had representations from Canadian exporters as to the difficulties they have run into because of the manner in which the United States tariff was being applied in practice by the customs officials. So it was felt desirable to take out of our statute anything they might look upon as a pretext for maintaining those practices in their administration.

Mr. FULTON: Then, so we may have it on the record, may I ask the minister whether the Americans have yet changed their practices to conform, or have they given us the assurance that they will do it when we do?

Mr. ST. LAURENT: My information is that from January 1, 1948, they have changed their practice, and that they now have a practice which conforms with this new language.

Mr. KNOWLES: Just on the point of the procedure we are following, may I ask a question based upon a government notice of motion standing on the order paper in the name of the Minister of Finance? The wording of that notice asks for the approval of certain tariff treatment, "so that there may be introduced a bill to give effect thereto". Do I understand that this is not the bill referred to in that resolution?

[Mr. St. Laurent.]

Mr. McCANN: Certainly not.

Mr. ST. LAURENT: No, this is not that bill. We would think it desirable to have this even if we did not secure approval of the substantial portions of the Geneva agreements. This would be desirable even if we did not have the Geneva agreements, provided we got what we are getting at the present time.

Mr. HACKETT: Some reciprocal treatment?

Mr. ST. LAURENT: Yes, reciprocal treatment; and we are getting it at the present time.

Mr. KNOWLES: And it is also quite clear that the changes proposed in the bill now before us are entirely of an administrative character?

Mr. ST. LAURENT: Yes.

Mr. KNOWLES: And deal only with the practice and ways of doing things, not with rates?

Mr. ST. LAURENT: Not with rates. The matter of rates will not be brought before the house until the house has given approval to the Geneva agreements.

Mr. CHURCH: In one of the briefs I have received concerning this general agreement on tariffs and trade under UNO I notice one comment I should like to refer to. I am afraid action may be taken by the customs officials under the regulations referred to in section 2 and other sections to eliminate preferential trade. The brief to which I refer was lengthy; I imagine the minister himself received a copy. I should like to find out what is going to be the result in that connection, because some of these people say it means the end of preferential treatment in relation to the general tariffs agreed to under UNO. Is that so under this bill, or is it not? The brief says it is.

Mr. ST. LAURENT: The question of the effect of the Geneva agreements on preferences is not dealt with by this bill. First there will have to be approval by the house of the general agreement, and then the introduction of subsequent legislation. That is not affected by this bill.

Section 2 agreed to.

Sections 3 and 4 agreed to.

On section 5—Valuation of imports prejudicially or injuriously affecting Canadian producers.

Mr. MERRITT: I notice that the words "not entitled to entry under the British pre-

ferential tariff or any lower tariff" are now being taken out of subsection 1 of section 43. Why are those words being removed?

Mr. McCANN: The note I have says that continuation of the permissive authority for fixation of values for duty already contained in section 43 is intended to provide authority, for use if necessary, if as the result of unforeseen developments a product is being imported in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or directly competitive products. This immediate, available authority is necessary to prevent serious injury to an industry which could result, pending remedial tariff action by parliament. The general agreement on tariff and trade provides for suspension of all obligations in these circumstances, and a similar difficult situation might arise in respect to imports from non-signatory countries, warranting other corrective measures. The right to appeal to the tariff board is also continued.

Mr. MERRITT: I understand the purport of section 43, of course, but I am asking why the power given the governor in council is being extended beyond what it was in the old section. As I read the old section the governor in council had no power to exercise this discretion with respect to goods entitled to entry under the British preferential tariff or any lower tariff. When the act was originally passed there must have been some reason for excluding articles entitled to entry under the British preferential tariff. What has happened to make the considerations which led to this exception no longer applicable?

Mr. McCANN: As it was passed originally the act did not contain that clause. It was added in 1932, and the section is being put in its present form so that there will be no discrimination.

Mr. HACKETT: It was put in when we got the benefit of reciprocity in Canada. We got the benefit of their market, and this was put in at that time.

Mr. MERRITT: Then am I to understand that in the Ottawa agreements it was provided that we would not exercise this right with respect to the British preferential tariff?

Mr. McCANN: That is right.

Mr. MERRITT: And we are no longer bound by that agreement?

Mr. McCANN: That is right. My hon. friend is correct in his interpretation.

Mr. MERRITT: Then I understand that the countries of the commonwealth have no contractual right to call upon us to maintain the words in this section. Is that correct?

Mr. McCANN: That is correct. They are signatories to the general agreement.

Mr. MERRITT: The mere fact that they are signatories to the general agreement surely would not affect this particular section. As I understand it, and the minister may correct me if I am wrong, in 1932 we agreed, as part of the British preferential tariff system, not to exercise this right in respect of goods entitled to entry under the British preferential tariff. Now we are changing that agreement. Is this change being made with the consent of the parties with whom we contracted in respect of this particular point? I am not referring to any general consent inferred from the signature of a general agreement; is there a specific consent with respect to this section?

Mr. McCANN: My officials tell me that we are no longer bound by the Ottawa agreements in this respect, and that the idea is to make this non-discriminatory.

Mr. HACKETT: I should like to draw section 5 to the attention of the Secretary of State for External Affairs. This section seems to make a substantial change in the legislation with regard to the British preference. It would appear to be enacting agreements arrived at in Geneva, which as yet have not received the approval of the house. If my question is not too involved I should be happy to have an answer.

Mr. ST. LAURENT: The hon. member's question is not at all involved, but I do not know the answer to it. I have not considered this section, nor have I compared it with the original or with the agreement. I do know this much—and this matter has been given consideration—that a provision is being or will be made to avoid applying automatically anti-dumping duties to merchandise sold to Canada by the United Kingdom at prices inferior to their own domestic prices. Because that is not really the kind of dumping against which anti-dumping legislation was aimed.

It is a direct policy of the United Kingdom now to make some commodities difficult for their own people to obtain, and therefore at the same time make them available for export, so as to provide dollars. Under the anti-dumping legislation they could not have carried that out with respect to Canada. It was felt that it was desirable to have these commodities come to Canada. Therefore the

provision has been or is being made to suspend those anti-dumping clauses, unless by doing so it is shown that a Canadian industry would be injured, and would come within the terms of section 43. I am not in a position to say if it is in part an implementation of that policy which has prompted the striking out of these words.

Mr. HACKETT: Those immediately surrounding me were anxious to help the minister so long as he was dealing with departmental practices which were to be improved. But I fear that this section raises a substantial question of policy which will be debated when the Geneva agreements are before the house. No one knows what may be the outcome of that debate. Certainly with regard to section 5 of the bill, which deals with section 43 of the act, it would seem premature to take any action until the Geneva agreements have been considered by the house.

I suggest that the minister postpone consideration of the bill until the Geneva agreements have been disposed of. I believe members of the committee wish to get along with that part which is not controversial. But certainly the contents of section 5 raise serious doubts in the minds of some, and before disposing of it we need more information than is available at the present time.

Mr. DIEFENBAKER: There must be some reason why the minister asks for the deletion in section 43 (1) of the words "not entitled to entry under the British preferential tariff or any lower tariff." It would appear from a reading of the section that regardless of what decision might subsequently be made in connection with the British preference, parliament would now be determining in advance of a decision on that question the matter of the abrogation of the British preference. In other words the governor in council on the report of the minister will be empowered to do something which cannot be done now in respect of goods not entitled to entry under the British preferential tariff or any other tariff. What actually will take place will be this: there will be no necessity at all in the future to bring up the matter of the British preference or its continuance. The house will already have decided, by the deletion of these words, that the governor in council upon the recommendation of the minister will be able to do anything he desires to do under this section, regardless of what the decision of the house might be later on. In other words the governor in council on the recommendation of the minister will be empowered by the house to legislate the country out of the receipt of goods at present coming in under the British preference. This simply means that parliament would now decide finally to give to the minister certain powers to remove the application so far as the British preference is concerned, regardless of what parliament may subsequently do.

I suggest that this section be allowed to stand until a decision on the broader question has been made.

Mr. McCANN: If the hon. member will look at section 10 he will see it states that the act shall come into force on a day to be fixed by proclamation of the governor in council.

Mr. HACKETT: That does not help.

Mr. McCANN: That date would not be until the Geneva agreement has been considered.

Mr. HACKETT: I suggest that the remainder of the bill should stand for the present. There may be no objection to it, but if we have to go on at the present time we will be doing so in the dark. Apparently the minister is not in a position to give all the information required; and after the Geneva agreement has been disposed of there may be no objection to the bill at all. I hope the minister will be able to accept this suggestion.

Mr. DIEFENBAKER: The minister can have no real objection to accepting it, because if, as he says, he intends not to have this portion of the act proclaimed until the question of the British preference has been determined, there is no urgency about it. The government evidently does not intend to have the proclamation made at this time; therefore there is no necessity for action at this time.

Mr. ST. LAURENT: If it were agreeable to have it stand, without fixing any time for which it should stand, I think the minister will be able to satisfy my hon. friends opposite; it would not need to stand until after the other question is disposed of. If it were to stand generally at this time, perhaps that would be satisfactory to my hon. friends, without its being implied that it is to stand until after something else has been done.

Mr. PROBE: Perhaps we might allow only those clauses to stand which appear to be of a contentious nature. The next one, for instance, is not in that category.

Mr. BLACKMORE: There is much merit in what is being said as to the necessity of our knowing the meaning of what is proposed.

I think the government should have power with respect to such a proposal as is embodied in section 5, because something such as is envisaged by this section might begin at any time—in the matter of fruits, for example —making it necessary for the government to have the power—

Mr. HACKETT: It has that power now.

Mr. BLACKMORE: Perhaps I might be allowed to finish what I have to say; I have listened to what other hon. members have had to say. Perhaps the minister can assure us that we can use the power to keep goods out under this section.

Mr. ST. LAURENT: If the clause stands, the former clause 43 remains in force and gives the governor in council all the powers that are required, without interfering with the goods entitled to preferential tariff or to lower tariff. So there would be nothing inconvenient to administration in allowing the clause to stand. My only suggestion was that instead of making it a condition that it should stand until something else is done, it should stand generally. Perhaps the chairman would report progress and ask leave to sit again, and the minister may be able to satisfy hon. gentlemen that they are not being deprived of any opportunity to discuss preferences. In that event it would not be necessary to wait until the other discussion has taken place; just let the clause stand generally until it is thought proper to bring it up again.

Mr. KNOWLES: Before the clause stands, may I ask one question? I understood from what the minister said a moment ago, when he was referring to the export policy of the United Kingdom government, that this government was anxious to facilitate, or at least not to stand in the way of, the desire of the United Kingdom government to limit the domestic use of certain goods in order to make them available for export. I expected therefore to see in the wording of this clause some implementation of that idea which the minister expressed. But as I read it, unless I am utterly confused, it has the very opposite effect; because it would seem to put imports from the United Kingdom in the same category as imports from any other country, and make it possible for the governor in council to place on imports from the United Kingdom, a different value from that placed upon them by the United Kingdom, and would have the effect of prohibiting those imports. In view of the representations that have been made to the government particularly by the textile manufacturers, and in view of the startling change made last night in the other act, I confess that the wording of this clause gives me some concern.

Mr. ST. LAURENT: I have tried to make it clear that I was not asserting that this was implementing the policy in question.

Mr. KNOWLES: It looks the very opposite.

Mr. ST. LAURENT: These matters of customs legislation and schedules are complicated, and for my own satisfaction I should like to have an expert explain to me just where this fits into the picture. I was not saying that it did constitute a part of the picture. I should like to have an expert explain to me that it is not doing what my hon. friends fear it is doing, and therefore I think it is advisable that the clause should stand. I would not like hon. gentlemen opposite to feel that they have been taken by surprise and deprived of an opportunity which they stipulated for quite early in the session, to discuss preferences. If we can satisfy my hon. friends that this does not have the effect they fear, we can go on with it, but if it did have that effect it should stand until the discussion has been had. I am not in a position myself to satisfy them this afternoon that it does not have the effect they fear.

Section stands.

On section 6—Goods exported to Canada through another country.

Mr. McLURE: Reverting back with your permission, Mr. Chairman, to clause 2, I asked what goods are imported into Canada which carry an ad valorem duty and how they are appraised. Are there any free zones in Canada for the importing of goods which carry an ad valorem duty, similar to the zones established in the United States, where in the larger centres they have what are called bonded free zones for dutiable goods? The goods are sold and appraised after they are sold.

Mr. McCANN: We have no free ports.

Mr. McLURE: What goods imported into Canada carry an ad valorem duty?

Mr. McCANN: Most of our customs duties are ad valorem duties, based upon the value of the article. For instance, a 25 per cent ad valorem duty means 25 per cent on the value of the article at the time of entry.

Mr. McLURE: I think very few of our imports carry ad valorem duties.

Mr. MacNICOL: There are a number of free ports. Perhaps the minister had in mind Canada alone.

Mr. PROBE: I want to refer to section 48, subsection 1, of the Customs Act, in which the following appears:

If, upon any entry or in connection with any entry, it appears to any dominion customs appraiser that any goods have been erroneously classified or appraised or allowed entry at an erroneous rate or valuation by any appraiser or collector acting as such, or that any of the foregoing provisions of this act respecting the classification or value at which goods shall be entered for duty have not been complied with, such appraiser may make a fresh appraisal or valuation, and may direct an amended entry and payment of additional duty on such goods, or a refund of a part of the duty paid, as the case requires, subject to review by the deputy minister.

I have read the section as it is proposed to be amended. In line 30 on page 5 of the bill appear as new language the words "rate or valuation". It is in connection with that that I want to ask the minister a number of questions, if I may. Was it the custom previously that an appraisal of valuation could be subjected to an amended appraisal or an amended customs entry, but once the rate of duty which was charged was fixed, that was the duty? Will the minister make a comment on that? The word "rate" was introduced in this bill for a purpose.

Mr. McCANN: It is the duty of the appraiser to determine both the rate and the valuation.

Mr. PROBE: Prior to this bill coming before parliament he had a right to put in an amended entry, and it had to be accepted by the importer with respect to valuation.

Mr. McCANN: That is right.

Mr. PROBE: Assume that he had understated the rate because of any one of the reasons an appraiser may give, on whom was the onus with respect to the error for the rate that was charged at the time customs duty was paid? Who accepted the financial liability?

Mr. McCANN: It is pretty well defined in this section of the act which says:

The true amount of customs duties payable to His Majesty with respect to any goods imported into Canada or exported therefrom shall, from and after the time when such duties should have been paid or accounted for, constitute a debt due and payable to His Majesty, jointly and severally, from the owner of the goods at the time of the importation or exportation thereof, and from the importer or exporter thereof, as the case may be; and such debt may, at any time, be recovered with full costs of suit, in any court of competent jurisdiction, and any goods afterwards imported or exported by said owner shall be subject to a lien for such debt and may be withheld from delivery by customs until such debt is paid.

[Mr. MacNicol.]

Mr. PROBE: The words "erroneous rate" appear in line 30 of the amendment. The word "rate" has been added, but the classification—

Mr. McCANN: That refers to the classification. The goods may come under one tariff item, and then in the light of new information with reference to the type, they are put under another classification which carries a different rate of duty. It was erroneous to place the item under the first classification.

Mr. PROBE: I wrote to the minister about a specific case some weeks ago. An importer received some Christmas goods last November from a British firm. A certain rate of customs duty was assessed him, which he paid. A week later he received an amended customs entry. Undoubtedly there was a slip-up somewhere in the department, or it would not have happened this way. Apparently the appraiser had overlooked an excise tax item of 30 per cent. He had collected other taxes, but there was one item which he did not collect. In this particular case, since they were Christmas goods, the customs broker had accepted the appraisal and had billed the retailer for the amount of the appraised tax. The goods were sold, or in process of being sold, with the mark-up corresponding to the supposed cost, yet a week later the importer received an amended entry which had the effect of causing him to dig down into his pocket to pay for an error of the department. I think the department would accept it as an error. I have the original document and the amended document here. The original document does not say "subject to amendment", because there would be no need to amend it later. There is no argument about the value. That was agreed upon, but the rate of duty was found to be incorrect, so the tariff number remains constant. It is tariff item No. 23, and the goods remained in that category, but someone made on error. The customs officials have warned this man that he must pay the duty on the rate fixed by this amended entry. It would seem to me that there should be some way in which an error of that kind should not reflect back on the importer.

These goods had not appeared in Canada for years. They were Christmas candies, imported from Great Britain. I can understand the retailer, the customs broker and the customs officials all being a bit rusty on rates, but why should this man be penalized now, after he has sold the goods? It would seem to me that he should have some recourse. Is there recourse in such a case?

Mr. McCANN: The practice is that all entries are subject to a recheck. In the particular case of which the hon. member speaks there

may have been an error of judgment on the part of the official who classified the items that were imported under a certain tariff item.

Mr. PROBE: No error of classification was found, but the rate of duty was amended.

Mr. McCANN: On a recheck it was found that they were in a different classification, which may have been subject either to a higher or a lower rate. There would be no objection by my hon. friend's friend had it been at a lower rate. Because the goods are classified into a class which has a higher rate, there is objection.

Mr. PROBE: There is no error in classification. Tariff item 23 was recognized to be the proper tariff item, but the rate was amended later and I say it creates an injustice to this importer.

Mr. McCANN: Was this candy?

Mr. PROBE: Yes.

Mr. McCANN: Well, it was the application of the excise tax of thirty per cent. Probably that was omitted.

Mr. MacNICOL: I wish to ask a question on the basis of this section, which I will read:

> Goods bona fide exported to Canada from any country but passing in transit through another shall, upon such terms and conditions as to shipment, documentation, warehousing, transshipment or the like as the governor in council may prescribe . . .

A moment ago someone said something about free ports and the minister said there were none. There are none in Canada, but there are in other countries.

Mr. McCANN: I was talking about Canada.

Mr. MacNICOL: My question has to do with goods coming through free ports. Suppose a shipper ships goods through the free port of New York—New Orleans is another, and so I believe is San Francisco—with instructions that when the goods arrive at the free port some American content shall be added; what is the position in regard to duty? That is one of the purposes of a free port, to enable such additions to be made.

The minister knows that for some years the board of trade of the city of Quebec has been pioneering for the establishment of Quebec as a free port. Personally I think it is a good thing. The intention was that European exporters shipping to South America or to the United States might wish to add a Canadian content and the goods would pass through the free port of Quebec, if we had one, where the addition would be made, and then proceed to their destination in some other country.

Does this clause provide that the goods must come direct from any foreign country to Canada, or may the goods pass through a free port in some other country, where a content is added, and then come on to Canada? How would the matter of customs be adjusted in that case?

Mr. McCANN: Goods exported from some countries to Canada direct are, for duty purposes, of the value that obtains in the country from which they are exported. If they come through the port of New York from France, in transit to Canada from New York, the value for duty purposes is the value in the country from which they were transshipped.

Mr. MacNICOL: That is not the point I am making. Goods shipped from France could be shipped through New York, a free port, and on arrival there they do not pay duty to the United States; but on instructions from France, or perhaps from Canadians importing the goods, some American material may be added to the goods to improve them. How would the duty be arrived at in that case?

Mr. McCANN: In that case the value for duty purposes would be the value in New York.

Mr. MacNICOL: That is, the value of the French content plus the American content.

Mr. McCANN: Yes.

Mr. ISNOR: I am interested in section 6, because I see a danger in it and I am wondering why the change was made in connection with the shipment of goods through other than Canadian ports. This matter is, I believe, of particular interest to members who come from the Atlantic coast as well as to those from the west coast. I will not debate the merits of free zones, but I fear that there may be a danger so far as our Canadian ports are concerned, with this section as it is at present worded. May I read it again:

> Goods bona fide exported to Canada from any country but passing in transit through another shall, upon such terms and conditions as to shipment, documentation, warehousing, transhipment or the like as the governor in council may prescribe . . .

There is a great bulk of goods shipped from the far east, wools from Australia and New Zealand, and spices, coffee and rubber from the East Indies. In Saint John and Halifax we have enjoyed a large share of that business, and people on the western coast have had a good deal of business from the far east. Under the section as I read it, these goods could be shipped and landed in United States ports so that all transportation and handling charges

would go to the working gangs, stevedores, longshoremen and so on in that country, and then the goods would be shipped by rail to central Canada. It may be argued that there is a saving in transportation charges, but what we should consider is the effect that such transactions will have on our ports, both east and west. The minister should give some reason why the change was made; otherwise I fear there will be criticism of this section as it stands.

Mr. HAZEN: I support the senior hon. member for Halifax in what he has said. This clause should be carefully looked into. My recollection is that, under the British preference, in order to get the advantage of the preferential rates that existed previously—they still apply to some extent—it was necessary to ship the goods through British or Canadian ports. There seems to be a change now in that principle. If you allow goods to come in through foreign ports you will provide work for foreign longshoremen rather than for our own workers and our own home ports, and this is bound to put our own port workers and our own ports at a great disadvantage.

Mr. BLACK (Cumberland): I support the representations made by the senior hon. member for Halifax and the hon. member for St. John-Albert. For a good many years now, goods shipped into Canada under the British preferential treaty have enjoyed those rates only if they were shipped direct through Canadian ports. If under this bill there is any question about that provision being interfered with or being jeopardized in any way, I would certainly oppose this section. I do not know whether this question was discussed when the resolution went through, but in section 3 of the resolutions we dealt with last night we find reference to many goods such as woven fabrics and cloths and so on, which are allowed to be imported free of duty for a period of thirteen months. Is it obligatory that such goods shall be imported direct into Canada if they are to be duty free? That matter was dealt with last evening, and it is important to our Canadian ports that the advantage which is being provided for in the importation of such goods shall be applicable only if the goods are imported direct.

Mr. McCANN: They must come in direct in order to get the British preference. If they are duty free they still have to come direct.

Mr. BLACK (Cumberland): This is not only the British preference but is under the Geneva treaty, as was pointed out last evening. This provision also applies to the United States and to all countries that signed the Geneva treaty. I want to have assurance from the minister that such importations from Great Britain will be required, in order to avail themselves of the reductions in duty, and of the duty-free provision, to go directly through Canadian ports.

Mr. HACKETT: The British preference was restricted to goods which were manufactured in Britain. There was a great deal of trouble about some goods that came from Britain and that had not been manufactured there, as I recall it. Would it not be better if this clause also stood?

Mr. McCANN: Why?

Mr. HACKETT: All right. Probably the minister can answer the question.

Mr. McCANN: I think he can. I think the information the hon. member for Cumberland wants is contained in this. This is part of the Geneva agreement:

> Each contracting party shall accord to products which have been in transit through the territory of any other contracting party treatment no less favourable than that which would have been accorded to such products had they been transported from their place of origin to their destination without going through the territory of such other contracting party. Any contracting party shall, however, be free to maintain its requirements of direct consignment existing on the date of this agreement, in respect of any goods in regard to which such direct consignment is a requisite condition of eligibility for entry of the goods at preferential rates of duty or has relation to the contracting party's prescribed method of valuation for duty purposes.

Mr. HAZEN: May I ask what the number of that article is?

Mr. McCANN: It is clause 6 of article V.

Mr. HACKETT: Of what?

Mr. HAZEN: The Geneva agreement.

Mr. HACKETT: What clause?

Mr. McCANN: Article V, clause 6.

Mr. HACKETT: Of what?

Mr. McCANN: Of the general agreement on tariffs and trade.

Mr. ISNOR: In reply to the hon. member for Cumberland, the minister quoted from the Geneva agreement. We are not considering the Geneva agreement at the present time. That is still in committee. What we want to know is the reason the change was made in the wording of section 6 of the present bill permitting goods to be shipped other than direct to Canadian ports and to enjoy the

benefits which otherwise would accrue to us because of the employment which would be the outcome of handling the goods at Canadian ports, along with the train haul to central Canada.

Mr. McCANN: This has to do entirely with valuation for duty purposes, and with nothing more. It has nothing to do with rates.

Mr. BLACK (Cumberland): I cannot hear the minister.

Mr. ISNOR: What the minister says is the very point. It is quite all right to say what has been said, as I understood it. I may be stupid, I admit—

Some hon. MEMBERS: No, no.

Mr. ISNOR: —but I cannot see the reason for putting those words in there, if it is only for valuation purposes.

Mr. HAZEN: I might point out that according to the explanatory note, as the section formerly read it was discretionary with the governor in council as to whether or not the same rates of duty would be imposed. From that I should judge that the governor in council, if he saw fit to do so, had the right to provide that there be a lower rate of duty if the goods were shipped through Canadian ports. The explanatory note goes on to say:

It is thought to be in accord with the spirit of the agreement to make the principle statutory . . .

Once you make it statutory, the discretion is gone. As this section formerly read, the governor in council had discretionary power. Now it is proposed to take that power away to make this statutory, and to put our ports at a disadvantage in some cases.

Mr. FULTON: To supplement what the hon. member for St. John-Albert has just said, I wish to say that once again this seems to be acting before we have approved the Geneva agreement, as though taking it for granted that we would approve it. I am wondering whether this is not another section which, on this ground, should be allowed to stand until after the house has either approved or rejected the Geneva agreement itself.

Mr. McCANN: This actually has nothing to do with the Geneva agreement. I referred to it because the hon. member for Cumberland had referred to the Geneva agreement.

Mr. FULTON: May I direct the minister's attention to the fact—and it was also referred to by the hon. member for St. John-Albert—that in the explanatory notes the reason given for amending this section is that it would be in accordance with the spirit of the agreement, meaning the Geneva agreement, to make the principle statutory. That is why it is being amended.

Mr. HAZEN: How can the minister say it has nothing to do with it?

Mr. HACKETT: I think we would make more progress if we allowed this section to stand along with section 5.

The CHAIRMAN: Does section 6 stand?

Some hon. MEMBERS: Agreed.

Section stands.

On section 7—Invoice to show fair market value.

Mr. MacNICOL: This section reads:

Every invoice delivered pursuant to this act or any regulation shall exhibit, in the currency of the country of export, the fair market value of the goods to which it relates . . .

I was just wondering by what method the value for duty purposes would be arrived at of goods I referred to a few moments ago as arriving at New York, a free port, and, while there in that free port, having United States content added before shipment on to Canada.

Mr. McCANN: I think that is given here:

Where the fair market value of any goods is not ascertainable under subsection one, the value for duty of such goods shall be the nearest ascertainable equivalent of such value.

Mr. MacNICOL: If and when the time comes that Quebec city obtains a free port that it has so diligently advocated—

Mr. ISNOR: Or any other section of Canada.

Mr. MacNICOL: Yes. I referred to Quebec city because they have been diligently advocating a free port.

Mr. ISNOR: We have been doing that for years.

Mr. MacNICOL: Suppose some Canadian importer imports goods from any other country outside Canada, but wants certain United States content added, and the exporter ships to a free port. The exporter ships it to the free port of Quebec, we will say, and the United States goods which are to be added to that foreign material are also shipped there, where the adjustment takes place as desired. How would the price for duty purposes be arrived at under those circumstances?

Mr. McCANN: That would depend entirely upon the quantities of each. An article is imported from a foreign country and comes to the port of Quebec, where United States content is added. In order to get at the value

of the new article, it would be necessary to take into consideration the quantity going into that new article from each of the countries. The value for duty purposes would depend entirely on the value of those quantities.

Section agreed to.

Sections 8 to 10 inclusive agreed to.

Progress reported.

CANADA EVIDENCE ACT

JUVENILE DELINQUENTS—WIFE OR HUSBAND WITNESS FOR PROSECUTION

Right Hon. J. L. ILSLEY (Minister of Justice) moved the second reading of Bill No. 327 to amend the Canada Evidence Act.

He said: This amendment was requested by the province of Ontario and provides that the husband or wife is a competent and compellable witness for the prosecution against the other spouse in offences against the Juvenile Delinquents Act. I do not know how lengthy a speech the house expects from me on the bill at this stage, but I am prepared to answer questions as to the principles upon which the amendment is based. I answered some questions put to me by a senate committee, where the matter was gone into fairly fully.

The general rule is, of course, that a spouse is not a competent and compellable witness against the other spouse. The principle underlying this rule is to be found in certain cases. An important case is one decided in 1788, that of Rex *v.* The Inhabitants of Cliviger, 100 English Reports, 143. This was a prosecution for bigamy. The common law rule is stated in the judgment on page 144 as follows:

> Here the evidence of the wife went to charge her husband with bigamy. The broad rule is laid down in Buller's Nisi Prius, 286, where it is said that husbands and wives cannot be witnesses for each other, because their interests are absolutely the same; nor against each other, because it is contrary to the legal policy of marriage . . . So in Coke's Littleton, 6b, it is said to have been resolved by judges that a wife cannot be produced against her husband, for it might be the cause of implacable discord and dissension between them and the means of great inconvenience.

Then at page 146 the following pasage is found:

> The ground of her incompetency arises from a principle of public policy, which does not permit husbands and wives to give evidence that may tend to criminate each other . . . but the true and best ground of objection is not that of interest, but is founded on the political inconvenience of causing dissension in families between husbands and wives.

I have a number of other citations, I do not think it is necessary to read, unless I am asked for them in committee. I want to point out, however, that many exceptions to this rule are already provided in the criminal code. The first group of exceptions relate to offences against morality and includes corrupting children. That is section 215 (2). A second group is disorderly conduct or vagrancy, sections 238 and 239. A third group is failure to provide necessaries for wife and children, sections 242 and 244. Abandoning children is another in this group; it is section 245. Another group is offences against conjugal rights, section 354; also abduction, sections 313 to 316. Finally there is the offence of theft as between husband and wife.

Generally it may be said that the exceptions are cases where one spouse is wronged by the other who is the accused, or where the offence is one which threatens the sanctity and security of the family. The common law rule was no doubt intended to preserve and secure the family, but this would not be accomplished by protecting a spouse accused of an offence which tends to destroy the family. It would appear that when the Juvenile Delinquents Act was passed there was an oversight in not amending the Canada Evidence Act to except the newly created offences which were very similar in character to some already excepted from the rule.

Offences against the Juvenile Delinquents Act are these: aiding, causing, abetting, conniving, promoting or contributing to delinquency, or neglecting to do that which would tend to prevent delinquency. In addition, there is the offence of inducing a child to leave a detention home, et cetera, which is section 34. Delinquency means, in effect, violation of the law or viciousness or doing any act resulting in liability to be committed to a reformatory.

That rule is laid down in section 2 (g) of the Juvenile Delinquents Act. So, having in mind the fact that this amendment has been requested by an important attorney general's department, and that the exception seems to be in line with the exceptions already contained in the criminal code, it was decided to bring this bill forward.

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, the minister has set out the law on the subject and, personally, having regard to the necessity of enforcing the law, with a view to assuring the protection of children from delinquency, I feel there should be no reason why this particular amendment should not be accepted by the house.

I believe one of the major matters for consideration of parliament at this time is that of juvenile delinquency, and particularly delinquency arising from the commission of sex crimes, which are becoming so general. If in discussing this matter I might be per-

mitted to refer to that subject, I should be pleased indeed; because, after all, it is interlocked with the question of delinquency.

I do not know—although I shall ask the minister in committee—whether consideration has been given to making some provision to cover the case of sex perverts who contribute in such a degree to delinquency. I realize the difficulty under our constitution whereby penal institutions such as penitentiaries are within the jurisdiction of the federal authority, while other institutions such as jails and hospitals come under provincial authority. I believe, however, that we in parliament should meet this problem. It is one which in considerably increasing measure affects the moral welfare of the children of this country.

Heretofore, in offences contributing to delinquency the usual method has been simply to punish by imprisonment. But imprisonment does not meet the problem. I have had the experience of meeting some of those who have committed these offences against young children. These accused have not been feeble-minded; indeed in some instances they have had more than normal intelligence. They commit these offences from which the children against whom they are committed can never fully recover.

The accused are sent to penal institutions; but the imprisonment, coupled with other punishments such as whipping, does not meet the problem. Sterilization has been tried. A brain operation known as pre-frontal lobotomy has been tried, and endocrine gland treatment has been tried. None of these has been successful. One method that has been used has been to send these individuals to institutions where psychopathic treatment can be given. I had occasion recently to see some of the work being done in Minnesota. The states of Minnesota and Massachusetts have endeavoured to meet the problem by having these offenders placed in mental institutions from which they cannot be discharged until such time as they are certificated as being free from any further tendency in this direction.

In New York state a thorough investigation of the subject has been made, and it has been found, according to statistics which I have here, that only nine per cent of these offenders are recidivists. In other words, if psychopathic or psychiatric treatment is given them they can be restored to citizenship which ordinarily they would be denied. They are also rendered thereby no longer dangerous while at large, provided that the treatment is continued over a reasonable length of time.

I suggest that in this connection something should be done with a view to bringing the provinces to a realization of the necessity of action being taken. To send these people to penitentiaries so that they come out at the end of their terms, during which time they have been removed from society, means that they are still subject to the impulse after having served those terms, an impulse which they will tell you is uncontrollable. But if they are placed in an institution where they receive mental treatment and where they are under the charge of those who have given study to the subject, the general run of statistics on the subject—and the matter has been studied only recently—show that only one in eleven repeats.

In order to prevent the recurrence of these offences, I say the minister would be making a worthwhile contribution if some amendment could be brought in whereby, with the consent of the provinces, those who commit such offences would be subject to being sent to provincial hospital institutions or to reform institutions where they might receive treatment which might once more render them good citizens, reform them and at the same time protect society.

I realize the difficulties in the problem. As I said a moment ago, I have spoken to some of these men. Two of them I now have in mind were well educated, with mentalities far above the average. Indeed their intelligence quotient was high. After having committed the offence, they have an abiding sense of guilt and regret.

Sending them to penitentiaries has not been the cure. Sterilization and the performing of the operations I mentioned a while ago have been unsuccessful. Mental treatment has proven successful. They should be placed in institutions where they could receive such treatment, and should be kept there until such time as they are no longer a danger to society. If that were done an advance would be made toward the solution of a problem which today is a matter of concern to many of our people.

I believe the suggested amendment to the Canada Evidence Act is necessary. I have seen justice denied because the wife was, while competent, not compellable. However I take the opportunity when discussing this amendment to ask the minister what he has in mind, and also to ascertain from him whether or not, through co-operation with the provinces, provincial curative institutions could be made available to those who commit crimes against morality and thereby contribute to juvenile delinquency.

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

On section 1—Wife or husband competent and compellable witness for prosecution.

Mr. ILSLEY: Mr. Chairman, when the amendments to the criminal code are introduced I will make a statement on the subject of criminal sexual psychopaths. It may not meet my hon. friend's suggestion, but at any rate it will be an attempt to deal with the subject.

Mr. FULTON: Mr. Chairman, I did not like to raise this point with the Speaker in the chair, but I would ask the minister to consider it as well, if he will. Sections 33 and 34 of the Juvenile Delinquents Act, to which the amendments will make the Canada Evidence Act apply, provide in part that:

33. (1) Any person, whether the parent or guardian of the child or not, who, knowingly or wilfully,

(b) does any act producing, promoting, or contributing to a child's being a juvenile delinquent or likely to make any child a juvenile delinquent.

—shall be liable to certain penalties on conviction. It is proposed to extend the Canada Evidence Act and to make the husband or wife a competent and compellable witness. The question I wish to ask has to do with the Juvenile Delinquents Act. I have been furnished with a sample of so-called crime comics which, under the guise of "Crime does not pay" appeal to children to read them. They portray crimes of sexual and other violence in picture form. I do not want to develop this point at length, because it is not strictly relevant to the Canada Evidence Act, but I do suggest this. It is difficult to deal with these publications under any form of censorship, although something might be done. I am told that the circulation of these crime comics, even in Kamloops, reaches 15,000 a month. Perhaps proceedings could be had under the criminal code to put a stop to this tendency. It is doing an act producing or contributing to a child's becoming a juvenile delinquent. I am not going to elaborate my idea at the moment, because I have certain questions on the order paper the replies to which I should like to get before I go into the matter, but I would appreciate it if the minister would let me know what he feels about the subject.

Mr. ILSLEY: The hon. gentleman asks me to indicate what I feel about that subject. It is a most difficult thing to say what is fit for publication and what is not. We receive a continual stream of resolutions asking us to ban salacious magazines and other publications, and there is the same complaint about these comics, which it is alleged lead children to crime. But it would appear that it is covered now by the Juvenile Delinquents Act, which provides a penalty for any person doing or contributing to a child's becoming a juvenile delinquent. The trouble, of course, would be to get a conviction. The possibility depends largely on the state of public opinion in the community. It is not possible to define with any exactitude decency or a publication that leads to crime. What about an adventure story or a story in which there is any crime at all? It is such an intangible thing. If my hon. friend feels that the publication of certain crime comics contributes to juvenile delinquency I should think he could have a charge laid and see whether he could get a conviction. I do not think any further definition in the law would be practicable. We certainly could not make a list of the publications that lead to crime. I think the law is sufficient already. It is a matter of getting convictions, having in mind the state of public opinion in the various communities.

The DEPUTY CHAIRMAN: I hope that hon. members will not continue this discussion. As the hon. member for Kamloops himself said, it is not relevant to the clause before us.

Mr. FULTON: I said, not strictly relevant.

Mr. KNOWLES: With respect to the amendment before us, I understood the minister to say that it was requested by the attorney general of Ontario. Did any other province make a similar request, and, failing that, has there been any expression of opinion from the other provinces one way or the other?

Mr. ILSLEY: No other request and no comments.

Mr. SMITH (Calgary West): I have a suggestion to make to the minister when dealing with the compellability of the spouse. I wonder if it would not be advisable to amend the act to make it apply only to a spouse who was married at the time the offence was committed. As it is now, some of them get married after the event and so avoid punishment for the crime committed. I think my suggestion is worthy of consideration. Courts have been tricked on more than one occasion by the party getting married after the event.

Section agreed to.

Bill reported, read the third time and passed.

JUDGES ACT

DISCONTINUANCE OF SPECIAL SALARY FOR DIVORCE COURT JUDGE IN NOVA SCOTIA

Right Hon. J. L. ILSLEY (Minister of Justice) moved the second reading of Bill No. 329, to amend the Judges Act, 1946.

He said: Mr. Speaker, some hon. gentlemen may wish a little explanation of this bill. I explained it briefly when it was introduced. At this year's session of the legislature of Ontario they amended their pre-confederation statute relating to their courts for divorce and matrimonial causes, so that the jurisdiction in matters of divorce would not necessarily be confined to one judge, as has always been the case, but would be possessed by such of the judges of the supreme court as are from time to time appointed by the governor general to be judges of the court for divorce and matrimonial causes. At the request of the province of Nova Scotia all the judges have been invested with divorce jurisdiction, instead of one only. The consequence of the change is that there should be no special remuneration to the divorce judge, and this bill deletes the clause in the Judges Act which provides for $500 a year remuneration for the divorce court judge. This bill is introduced with the consent of the government of Nova Scotia.

Mr. BRYCE: It is not discrimination against Nova Scotia?

Mr. ILSLEY: No.

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

On section 1—Repeal.

Mr. CHURCH: The principle of this bill is that it confers on the supreme court judges of Nova Scotia the power to deal with divorce. That is the only object of the bill.

Mr. ILSLEY: The bill does not convey any jurisdiction at all; it merely removes the extra pay of one judge.

Section agreed to.

Section 2 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

STATISTICS ACT

DOMINION BUREAU OF STATISTICS

Mr. G. J. McILRAITH (Parliamentary Assistant to the Minister of Trade and Commerce) moved the second reading of Bill No. 326, respecting the dominion bureau of statistics.

Mr. KNOWLES: May we have a statement?

Mr. McILRAITH: Mr. Speaker, the purpose of this bill is to revoke the present Statistics Act and to replace it by a statute which will describe the present functions of the bureau, and the statutory authority under which it operates. The Statistics Act, setting up the bureau of statistics as the central statistical organization of Canada, was enacted originally in 1918. Minor amendments were made in 1919 and again in 1921. The bureau itself has grown considerably. It now has some 1,200 employees. It issues some 434 regular publications besides some special ones. In addition, it deals with special requests amounting to some 500 a month at the present time. There are about 400 separate mailing and subscription lists. As an example of that, I might mention that the "Canadian Statistical Review" has some 3,000 subscribers, and this number is increasing. The "Wheat Review" has some 2,000 subscribers. The "Canada Year Book" and the "Canada Handbook" are known to all hon. members. They have a very high reputation throughout the world. They are indicative of the work that the bureau is doing. It sells some 11,000 year books and 60,000 "Canada Handbooks" annually.

Incidentally, although "Canada 1948" was published only a month and a half ago, about half of the 60,000 copies have already been sold. The 1947 year book which was issued last January is now practically out of print. I mention these two examples as evidence of the demand for these publications.

Since 1918 the bureau has won a very high reputation, both nationally and internationally, for its work, and the work envisaged in the 1918 act has, in a very large measure, been implemented. The bureau now includes in its operations all the important statistical fields which are of general interest. The principle of centralization as opposed to departmental collection of statistics and tabulation has been established, and a scheme of co-ordinating departmental administrative statistics with the general statistical scheme of the bureau is in operation. There is also an important measure of co-operation and co-ordination of effort between the provinces and the dominion in many statistical fields.

During the past thirty years there has been an enormous increase in the number and complexity of the economic and social problems with which governments, business, and private individuals have had to deal, and a greatly increased amount of statistical information has been required in order to deal with these

problems. The need for statistics has grown steadily, not only on a national but on an international scale.

However, notwithstanding what I have said about the bureau of statistics, the act in its present form is defective in this way. First, it does not mention specifically many of the economic and social fields on which statistical information is now being obtained. Second, it does not contain statutory authority for new collection techniques, such as the technique known as sampling.

The bill is drafted to provide statutory authority for the things now being done, and for the collection of some statistics which are now being collected by consent. It is done in the light of the thirty years' experience since the original act. It furnishes adequate statutory authority for statistical work which is now being done, rather than envisaging any material change in the coverage. In other words, it is bringing the present act up to date rather than setting out on any new field.

Hon. members will notice, when we come to deal with the bill itself, that many of the sections of the act are unchanged. A great many of the sections are unchanged or changed only with respect to verbal changes or slight additions in wording for clarification or accuracy. Perhaps it would be better to leave reference to the various sections of the act and the changes in it until they are called in the committee; we can then deal with those points.

The point I wish to make now is that the scheme of this new bill, which is replacing the present act, is rather to provide specific statutory authority for what is now being done and to bring up to date the definition of the authority of the bureau in those fields in which it operates only with the consent of the persons from whom it collects statistics.

Mr. D. KING HAZEN (Saint John-Albert): Mr. Speaker, the bureau of statistics renders a valuable service to this country. Despite the fact that the parliamentary assistant said just now that all statistical fields of general interest are covered by it, I do not quite agree with that statement. The service rendered is by no means complete, and I believe its efficiency can be improved.

I rise to ask the Minister of Trade and Commerce (Mr. Howe)—who, I regret, is not in his place while the bill is being introduced—and the government, to have it improved by instructing the bureau of statistics to keep records of interprovincial trade.

Statistics on interprovincial trade should be kept by the bureau. At the present time such records are not available. If I ask the bureau of statistics for figures showing the trade between any one province and any other, for example between New Brunswick and British Columbia, or between Alberta and Ontario, or between Saskatchewan and any other province, the information is not available, for records are not kept.

It is important, I submit, that such records be kept if we are to have a true picture of interprovincial business. It is impossible to study intelligently, and to arrive at sound conclusions on, many of the problems which parliament has to deal with, or to obtain the evidence which is required by committees and commissions that are set up from time to time by the government, when records are not kept with regard to interprovincial trade. This information should be readily available.

The request I make, that records and statistics of interprovincial trade be kept, is not original with me, nor is it a new one. It was one of the important recommendations that were made by the commission known as the Duncan commission—

Mr. ISNOR: The royal commission on maritime claims.

Mr. HAZEN: The royal commission on maritime claims, known as the Duncan commission, which was set up in 1926. This commission consisted of Sir Andrew Rae Duncan, as chairman, the Hon. W. B. Wallace, county court judge of Nova Scotia, and Doctor Cyrus Macmillan, who not long ago sat in this house. The secretary of the commission was Mr. F. MacLure Sclanders, F.R.G.S.

When that commission investigated maritime claims it made a report in which there were a number of recommendations, one of which, recommendation No. 39, under the head of "Statistics", asked that statistics on interprovincial trade be kept. I propose to read a portion of that section:

> We have had brought before us the lack of any comprehensive measurement of the trade of the maritime provinces with other provinces and with foreign markets. We were ourselves disappointed not to be able to pursue investigations on trade matters along lines which such statistics would have enabled us to do. We found on inquiry at the dominion bureau of statistics that consideration had been given some time ago to this very subject but, mainly through lack of organization in the statistics relating to certain phases of transportation, it was not possible to proceed with the plans that had been formulated.

This is the recommendation.

> We strongly urge that these difficulties should be overcome, as they can be, and that on this phase of internal trade a system of statistics should be made regularly available from as early a date as possible.

I would urge the minister that he give consideration to this recommendation and that, in the interest of this country, in the interest of the various provinces, both on the Atlantic coast and on the Pacific, and in between, records be kept of our interprovincial trade.

A few years ago Mr. Sclanders, who, as I have said, was secretary of the commission, discussed the report with me, and during the course of our conversation he told me that some time before he had met Sir Andrew Rae Duncan—that is to say, some years after the report had been made—and Sir Andrew had told him that he considered this particular recommendation one of the most important in the report.

The recommendation has not been implemented, and I would ask the minister to take steps to have it carried out.

Section 32 of the bill, under the heading "General Statistics", provides that the bureau shall collect, compile, analyse, abstract and publish statistics in relation to all or any of certain matters that are set out, the list starting with population and going on to embrace various subjects. I suggest that there be another clause (n) reading, "Interprovincial trade".

Possibly under the present clause (m) the governor in council has the right to instruct the bureau of statistics to take steps to make these records of interprovincial trade. I suggest that it would be in the interests of the country if such records were kept and if we included in section 32 of the bill another clause reading "Interprovincial trade," or words to that effect.

I would appreciate some support in this matter, because I believe that if statistics on trade between the different provinces were kept it would be of great assistance to us in dealing with the many problems we have to face.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, I should like to join with both previous speakers in saying how valuable is the work of the dominion bureau of statistics. I have listened with interest to the remarks of the hon. member for St. John-Albert (Mr. Hazen), and I think he has made a good case for the request he has presented to the house.

With regard to the work of the bureau in general, I was glad that the parliamentary assistant to the Minister of Trade and Commerce (Mr. McIlraith) took the time to give us a summary of the work that is being done. I was also glad that he indicated the popularity of the useful and valuable publications which the bureau is putting out.

There are, of course, people who sometimes get the notion that the collecting of facts and figures is a waste of money; but I doubt if those people realize the effect that the having of facts and figures has had upon the development of government policy and the improving of social conditions. Hardly a day goes by in this house that members do not quote—and particularly members from the opposition side of the house—figures from the dominion bureau of statistics to try to show the government changes in policy or improvements in legislation that they feel are necessary. I am also reminded of the fact that the international labour organization has done a job along this line which has been of great value in helping to improve labour and social standards throughout the world. In other words, this is quite definitely another case where knowledge of the facts is useful. Our dominion bureau of statistics has done a good job.

I am glad to see the government introducing an act to bring the statutory provisions up to date, so that there will be proper provision for the practices and the work that the bureau is already carrying on. I am glad that they have found the ways and means, without overstepping the statute, to make progress and to do the job they have done for the country thus far.

There is just one point about which I should like to say a few words at this time. It relates to figures which the dominion bureau of statistics put out and about which Canadians know the most, namely, their figures in relation to the cost of living. I assure you, Mr. Speaker, this is not a pretext for me to launch out into a speech on the rising cost of living; I intend to stick to the subject of statistics. But it seems to me that it would be advisable now for the bureau to do two things. First of all, I suggest that the norm or the base for arriving at the cost of living index needs to be revised.

As we all know, the present cost of living index is based on what was regarded as a norm or average back in the period 1935 to 1939. But even that norm or average had to be arrived at in a rather arbitrary manner. As I recall it, it was done by taking some 1,400 or 1,500 Canadian families. Those families happened to have incomes varying from $600 up to about $2,800 a year. Taking those actual families scattered from one end of Canada to the other, the bureau found that they had an average income of $1,453.80. Then the bureau simply found out what those 1,400 odd families were actually spending their money on at that time—what they were actually spending that $1,453.80 on, for purposes of living.

Obviously that can hardly be regarded as a norm or standard for comparison in this post-war period. I suggest that there were at least two things wrong with that figure which was taken for 100 back at that time. On the one hand, that figure of $1,453.80 represented an amount per year which was higher than the average wage level at the time. It is also to be pointed out that even that amount at that time—not to mention its gross inadequacy today—would not buy what the Department of National Health and Welfare would regard as an adequate standard of living. There have been changes since then, and our ideas as to what is a normal standard of living have changed. In order to get something that is correct statistically, I suggest that the bureau should now devise a new basis for measuring the cost of living index.

The other suggestion I should like to make is this. I feel that the bureau should find a way in which to give the cost of living index not only in percentages but also—in fact preferably—in dollars and cents. Averages are deceptive and percentages are deceptive; but people understand dollars and cents. I quote as a good example the *Labour Gazette,* which publishes wage statistics from time to time. When those statistics are given, they are given in both ways, both in percentages, in terms of an index figure, and in actual dollars and cents. I think that information as to the cost of living furnished by the bureau to our people in terms of dollars and cents would be much more useful than it is at the present time merely in terms of a rather unreal index figure. I realize that if it were in dollars and cents, which would make it a little bit more understandable to our people, it might at times be more useful or more embarrassing, depending upon from which side of the house the figures are used. But that really does not matter. The purpose of getting statistics is to be able to use the knowledge we have about life in this country in order to improve it in every possible way.

One speaks as a layman when he talks about these things and realizes that the scientific people who are engaged in this business may have comments to make one way or the other. But I am sure it would improve the usefulness of the information the bureau give us about the cost of living if they were to do these two things: first of all, bring it up to date in terms of 1948 standards, or, shall I say, 1948 ideals as to our standard of living; and, second, find some way of giving the country a cost of living index not only in terms of percentages, but also in terms of dollars and cents. I just wished to make those suggestions, but at the same time I desired to join with others in saying that we are indeed grateful for the work that is done and the service that is rendered to this country by the dominion bureau of statistics.

Mr. GORDON B. ISNOR (Halifax): I wish to deal with the general principle of this bill, Mr. Speaker; but first I want to join with those who have already paid tribute to the valuable work being done by the officials of the dominion bureau of statistics. As a businessman, more than once I have felt a little bit sore and vexed to think I had to fill out certain forms, particularly during the busy war period. But the more often I filled out those forms, and in turn received information from the bureau, the greater was my appreciation of the real value of my figures to them and of their figures to me. It was enlightening to me to be able to follow the trend of business in other sections of the country, to make a comparison of my business with those in other centres, and to follow the general trend of the various lines. I believe we should be very grateful that as head of this department we have a man with the ability of Mr. Marshall.

I am not going to deal with any particular sections; but, as I understand it, the general principle of this bill is to provide for the gathering of information which will be helpful to all parts of the country; the organizing of a system of co-ordinated social and economic statistics pertaining to the whole of Canada and to each of the provinces therof, and so on. That is the general principle. You can break it down into figures giving information with respect to certain things, such as the cost of living, as was mentioned by the hon. member for Winnipeg North Centre (Mr. Knowles); figures relating to trends, as well as the census and other duties enumerated and outlined in section 32. I am dealing with the information the bureau will give us to indicate the economic condition of one section of the country in comparison with that of the others.

Just to explain my position, generally we look upon Canada as divided into five sections. You could take the maritime provinces as one section, Quebec as the next, then Ontario, then the three prairie provinces and finally British Columbia. If you were to analyse those five sections I believe you would find a great centralization, not only of population but of industry, in the two provinces of Ontario and Quebec. If you look back to confederation and study the reason for the maritimes joining, remembering that it was for the purpose of developing trade in the maritime provinces and of assisting the other

provinces, you will find that, instead of assisting us, it has not only pushed the population into the central portion of our country but developed that portion far beyond what may have been thought possible by those residing in Ontario and Quebec at that ime. To a very great extent our wealth is centred in those provinces. Look at the population. Of the 11,506,655 people in Canada, some 33 per cent are in Ontario and 29 per cent in Quebec, or a total of 62 per cent of our population in those two provinces. Then, if we look at the income we find that the income of those provinces far exceeds that of any other section of Canada. The per capita income in Ontario is $647, as compared with $385 in the maritimes. The income of the maritimes represents only seven per cent of our per capita wealth, as compared with 41 per cent in Ontario and 25 per cent in Quebec, or a total of 66 per cent in these two provinces.

I mention these figures to bring home a point I am going to raise later. I believe the suggestion made by the hon. member for Winnipeg North Centre is worthy of the attention of the parliamentary assistant; not that I think it is as workable as the present method, but at least it deserves serious thought. And because of the hon. gentleman's suggestion, I am going to offer one of my own with respect to greater consideration for the maritimes and other parts of Canada, other than Quebec and Ontario.

I was interested in the remarks of the hon. member for Saint John-Albert (Mr. Hazen) and his reference to the report of the royal commission on maritime claims, which consisted of Sir Andrew Rae Duncan, the late Hon. W. B. Wallace and Professor Cyrus Macmillan. On more than one occasion I have quoted paragraph 39 of that report, but, since the hon. member for Saint John-Albert has placed it on record today, I do not propose to read it again. With that paragraph in mind, however, I wrote Mr. Marshall on May 31, hoping he might be able to advise me that steps had been taken to gather data along the lines suggested by Sir Andrew. Unfortunately he did not think that was feasible, or at least no definite action has been taken with respect to compiling that information. I think that is rather unfortunate, though at the same time I wish to say I quite appreciate the difficulties the bureau would encounter in gathering that information.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. ISNOR: Mr. Speaker, when the house rose at six o'clock I was discussing the general principle underlying Bill No. 326, respecting the dominion bureau of statistics. I would refer first to the reference made by the hon. member for Saint John-Albert (Mr. Hazen) to the recommendations of Sir Andrew Duncan as they are set forth in the report of the royal commission on maritime claims at page 44, paragraph 39. Sir Andrew emphasized the lack of certain statistics relating to trade between the provinces, and strongly urged that these difficulties should be overcome, so that on this phase of internal trade statistics could be made regularly available at as early a day as possible.

I support that thought and I urge that the attention of the Minister of Trade and Commerce (Mr. Howe) and of his parliamentary assistant be directed to that recommendation, so that they might embody a section in the bill or, if that is not feasible, so that they might suggest to the bureau of statistics that an effort be made to compile that information. I believe it would be a real help to us in interprovincial trade relations, one which does not exist at the present time.

I have pointed out the great centralization of trade in Ontario and Quebec. While I am prepared to give credit to those provinces for the splendid manner in which they have built up their trade, I say it is not a healthy sign from a dominion-wide standpoint. And it is with that in mind that I make the suggestion which I am now about to make, and which I had intended to discuss when I took part in this debate. What I am about to discuss is centred around the same spirit as I believe existed in the United States when that country dealt with the Geneva trade agreements. Acting in a generous manner, they did not think only of themselves, but rather of the good they could do to the weaker and smaller nations throughout the world. And I believe they had particular reference to Canada, too. We gain by the Geneva agreements, and the world at large will enjoy more friendly relationships, from the standpoint of trade. I believe it will do much good throughout the world in future years, apart altogether from the financial benefits.

I suggest to the minister that if that same spirit were shown by the two large industrial provinces in Canada, Ontario and Quebec, conditions throughout the country would be better. In my view a survey could be made by the Department of Trade and Commerce. I am not suggesting that a royal commission

be appointed; rather I am suggesting that a survey be made which would help develop trade not only in those two central provinces, but throughout the dominion as a whole, and that it would be to our advantage as a nation to do so. Because of the terms upon which the maritime provinces and other parts of Canada entered confederation; because of the benefits we expected from confederation, and because of the grounds upon which the dominion has granted special aids to the provinces, I am suggesting that the minister should authorize an investigation as to the possibilities of similar trade arrangements among the various provinces, and particularly the development of trade between the industrial centres of Ontario and Quebec and the other sections of Canada, with a view to selling goods—this is the important part of my suggestion, and I am sticking closely to the principle of the bill—manufactured in Ontario and Quebec to the people in other provinces at the same laid-down cost as those goods are supplied to buyers in the two central provinces.

If we had such a survey I believe it would be shown that goods could be sold to all sections of Canada at the same laid-down price. It would not be a great trade hindrance, so far as the further development of industrial centres in Ontario and Quebec is concerned. On the contrary, it would create additional possibilities and perhaps give other sections of Canada which are not so fortunate as the two large industrial provinces a greater opportunity to enjoy to a certain extent the prosperity to which all people in Canada are entitled.

I could go on and say that Canada is a wonderful country, and make other statements of that kind, but possibly I would be called to order if I did.

Before taking my seat, I should like to make reference to the publications of the bureau of statistics. I believe they have done an exceptionally fine job in their latest publication, which deals with the maritime provinces in their relation to the national economy of Canada. This issue just reached my desk within the last few days, and I have not had an opportunity to do more than to give it casual perusal. It contains information, however, which is of real value to every Canadian who is interested in the welfare of his country. I believe it should be made available to every library in Canada and should be used as a book of reference by every member of parliament who is anxious to see, not a limited picture, but rather the whole picture of Canada.

This afternoon the "Canadian Statistical Review" for April reached my desk. That, too, is a valuable publication. With sufficient information of this kind, I believe we could develop the budget I have in mind, that of placing the facts before the whole country so as to create a greater interest in sections outside Ontario and Quebec.

Perhaps I have said all I require to say at this time. In closing, I should like to make one further reference to the maritime provinces. Out of a total population in Canada of about 11,500,000, we find that in the maritime provinces of New Brunswick, Nova Scotia and Prince Edward Island there are only 1,100,000. We occupy only a small place, perhaps, in the eyes of certain sections of Canada. But we are still part of this dominion. As such we should be entitled to enjoy the prosperity which is so evident in the two central industrial provinces. Within a radius of a hundred miles of Toronto we find a third of the population of the dominion. This density of population makes that area an important one, and gives it an advantage which those of us in the far-flung sections do not enjoy.

Although we are a small part of the dominion, we have sent men to fill every important position Canada has to offer. In the past we have sent important men to the House of Commons; men like Sir Charles Tupper, Sir Robert Borden, Viscount Bennett, W. S. Fielding, Edgar Rhodes, and J. L. Ralston who passed away recently. In addition to all these is our present Minister of Justice (Mr. Ilsley). There are many other names I could add to the list, but I do not think it is necessary to do so.

I am reminded of a question which was asked of an outstanding Halifax citizen when visiting New York about a week ago. The New Yorker said, "Tell me about this institution of yours, Dalhousie University. Is it a large place?" The reply was, "It is not as large as many of your educational institutions, but it does occupy an important place in the life of Canada, and it stood out particularly during the war years." He went on to say that Canada's war effort had centred around five or six key positions: the finance department, because it was necessary to have money to carry on the war; the department of munitions; the research council; the three branches of the defence department, army, navy and air force; and then he made this significant statement: "In the finance department we had Colonel Ralston, then we had the Right Hon. J. L. Ilsley, as Minister of Finance during the war period, both of them connected with Dalhousie University. In the Department of Munitions and Supply we had another man closely connected with Dalhousie University, one who had taken a very important part in its life, the

Right Hon. C. D. Howe. At the head of the research council we had Doctor C. J. Mackenzie. At the head of the army we first had the late Norman Rogers; then we had Colonel Ralston, and at the head of the navy we had the Hon. Angus Macdonald. In other words, five out of these six key positions were held by men closely connected with Dalhousie University, and five out of the six were maritimers, so that we played an important part in the war effort in Canada."

We are now asking the rest of Canada, particularly the two large central provinces of Ontario and Quebec, to allow some little part of their prosperity to overflow and spread out toward the other sections of Canada. I say it would be a good thing for the bureau of statistics to prepare a report showing a way in which goods could be landed in the extreme eastern and western parts of Canada and sold at the same prices at which they are sold in central Canada.

Mr. HAROLD W. TIMMINS (Parkdale): Mr. Speaker, the parliamentary assistant, when introducing this bill respecting the dominion bureau of statistics, said that the bureau and the bill itself were intended to cover all the important statistical fields of government. It is apparent, from the magnitude of the bill and the amendments before us, that we are dealing with a growing branch of government. We listened with interest to the statistics given us this afternoon by the parliamentary assistant as to the number of people employed in the bureau and with respect to its various activities, and with all that we agree. But it seems to me that one field of statistics has been sadly neglected, and that is the field of revenue and taxation. I do not believe that we have adequate statistics in respect to revenue and taxation, and I say that for this reason. Last year, I had a question on the order paper with respect to income tax payments. I shall not read the question, but the answer I got from the Department of National Revenue was:

> The accounting records of the taxation division are not maintained in such a manner as to readily facilitate an answer to this question. However, steps are being taken to obtain such information.

I followed my question up with another shortly afterwards, asking:

> How many married women in the Ottawa taxation area paid income tax in 1945 in respect to salaries alone (as contrasted from those who paid income tax on investments), and what was the aggregate of the income tax so paid?

The answer I received was:

> Statistics have not been assembled in a form to answer this question definitely either for the Ottawa district or the country as a whole but, as indicated in a reply to a previous question, arrangements have been made to gather such statistics in the future. However, as a partial reply, the department estimates that there were approximately 110,000 married female taxpayers in all Canada in the year 1946. Their salary or wage income is estimated at $148,000,000 and the tax payable on this income in 1946 is estimated at $18,500,000.

A number of us were concerned at that time to see that the income tax exemptions enjoyed by married women in industry and the professions during the war should be continued, because otherwise they would go out of nursing, teaching and the stenographic field. When I came to delve into the matter I found that there was no branch of the bureau concerned with taxation statistics in the Department of National Revenue. It was admitted that the records were not up to date. I found one young man in the department who had been given the task of assembling these statistics. I do not know whether his staff has since been augmented, but the point I am making is that there is no statistical branch in the Department of National Revenue.

Section 32 of the bill enumerates a long list of subjects upon which the bureau shall collect, compile, analyse, abstract and publish statistics, but there is no mention of taxation statistics, unless that would be included under paragraph (i), which deals with public and private finance, and I do not suppose that taxation statistics would come under that. Taxation is apparently going to be with us for a long while, and those of us on the back benches who have to deal with questions of taxation with respect to the public who sent us here would like to have something better than the answer I got to my question on the order paper, when we ask for taxation statistics. It is something upon which all the members of the house should be given prompt and accurate information.

I suggest to the parliamentary assistant that the answer I got last year was at the very best an estimate. It was in a sense an attempt at an approximation. It was an attempt to arrive at an estimate by means of probabilities, and that is not good enough. I ask the parliamentary assistant now whether it is intended that a branch of the bureau of statistics shall be set up in the Department of National Revenue. If not, will he see that the statistical branch which is in that department, and which is just in its infancy, is taken out and put under the bureau of statistics, so that from now on we may have full and accurate statistics in regard to taxation matters? With respect to income taxes, and all the other taxes that we have to bear, we should have accurate and firsthand knowledge of the taxes that beset the people, so that we can properly analyse

the material which is placed before us by the Minister of Finance (Mr. Abbott) and by the Department of National Revenue from time to time. I wonder whether the parliamentary assistant can give us some help with regard to this matter at this time.

Mr. McILRAITH: In committee.

Mr. SPEAKER: I would suggest to the hon. member that he wait until the parliamentary assistant replies, or until we reach the committee stage.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, the bill is a lengthy one and, as you have just suggested, we might reserve our questions until the bill is dealt with in committee.

I am going to make a few general observations. First, I wish to say that I agree with the senior hon. member for Halifax (Mr. Isnor), who suggested that accurate records should be kept with respect to interprovincial trade. That is something which is not now available. If records were kept they would be revealing. We would find that in this country interprovincial trade is pretty nearly a one-way street. I am not going to go into it any farther than that. Perhaps the central provinces, about which my hon. friend was talking and suggesting that they might allow some of the crumbs from the rich man's table to be diverted to the poor, may have very good reasons for not wanting the actual picture of interprovincial trade to be printed in a form that would be easily understood by most of the people of Canada.

I again agree with the hon. member for Winnipeg North Centre (Mr. Knowles), who suggested that the cost of living index, as compiled by the government, is something that is very misleading, and certainly does not reflect the cost of living as it fluctuates from time to time in Canada. In addition to having the thing revised and brought up to date, I suggest that the cost of living index should be compiled on a regional basis, because the cost of living in some parts of the country, in comparison with other parts, is away out of line. I know that in the part of the country from which I come we have the highest cost of living in Canada. That is understandable when one takes into consideration the matter of freight rates, and so forth. The cost of living index should be compiled on a regional basis, instead of a certain number of cities in Canada and a certain number of items being taken and an arbitrary figure being set which certainly does not reflect the actual cost of living as it obtains in different sections of the country.

[Mr. Timmins.]

I, too, want to compliment the dominion bureau of statistics on the recent survey of the maritime provinces. I have gone through this survey and marked it pretty well. I have read every word of it. It certainly sets out the disabilities of the maritimes, but the sad part of statistics is that all they do is to set out the disabilities. They recommend nothing. The bureau of statistics has done an excellent job over the years. It has compiled many reports similar to this one, but unfortunately they go to the archives to gather dust, and nothing is ever done about them. This last one on the maritimes is very revealing. It shows the inequality that exists in the distribution of the national income as between the maritimes and the rest of Canada. I am going to read an editorial from the Halifax *Herald,* which compliments the bureau of statistics on the compilation of this last survey of the maritimes in relation to the national income of Canada. This short editorial compliments those who drafted the report, and tells the story better than I could do it. I am going to conclude with this. The editorial reads:

> The bureau of statistics has shown, in a study, that Nova Scotia and the other maritime provinces are less prosperous than the rest of Canada. But the cold figures of the study can never emphasize the gravity of the situation so strikingly as the news that 200 children in Halifax lack shoes.

That is the meat of the matter. We compile statistics and show the inequalities which exist as between province and province—we have been doing that for at least thirty years—yet nothing has ever been done to try to remedy the situation or cure the disabilities that the cold, hard statistics set out. The fact of the matter is that the trend is in reverse. The answer is not statistics. So far as the maritimes are concerned, we have all kinds of statistical proof as to what is needed. The problem in the maritimes is financial; it is an economic problem. Right at the present time small industries in Nova Scotia are not able to secure capital to expand their plants, despite the fact that the statistical report proves that a lot of subsidiary industry is needed in that end of the country. This survey shows it clearly.

Recently I met in this city people who required a few thousand dollars to expand plants that are already in operation, and they could not get the money. The banks will not give it to them. They have no redress from the Industrial Development bank, which I thought was designed to create small industry, complementary to the major set-ups. The

reverse is true. The bank now functions for the purpose of supplying funds for plant expansion, but in that end of the country you cannot get capital, despite all of the statistics, and the most recent ones are the most glaring that I have ever seen.

If we want to do something about what the survey sets out I suggest to the maritime members that we must do something with the chartered banks. In the economy we have now we want risk capital. The government's policy, as announced in the house by several ministers, is that where private enterprise does not measure up, the government will step in.

Mr. SPEAKER: Order.

Mr. GILLIS: I expected that, Mr. Speaker.

Mr. SPEAKER: I am sorry to interrupt the hon. member—

Mr. GILLIS: I am merely following the lead of the senior hon. member for Halifax.

Mr. SPEAKER: We are considering Bill No. 326, respecting the dominion bureau of statistics.

Mr. GILLIS: Thank you, Mr. Speaker; I will stick right to that. I thought I was still in Canada. The hon. senior member for Halifax was in New York for a while; I am still in Canada. We are setting up an act to expand, increase and further develop the matter of collecting statistics in Canada. I am in agreement with it. It is a very necessary department. I am talking about one of the most recent publications put out by the bureau of statistics on the maritime provinces and their relation to the national economy of Canada, issued in 1948.

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member, but I have been pretty generous with him already, and I was generous with the hon. senior member for Halifax. Hon. members must realize that they have to confine their remarks to the principle of the bill which is before the house. The bill before the house has nothing to do with the maritime provinces. Is it the pleasure of the house to adopt the motion?

Mr. GILLIS: No, Mr. Speaker. The bill before the house cannot be discussed in all its ramifications until it gets into committee. What I am doing is what others have done before me. I am discussing the principle of gathering statistics, and I am suggesting that there is not much use in gathering them unless we are prepared to do something about them after we have them. I am talking now about reports that have been issued to us, since the opening of the house, by the very bureau which it is proposed to expand, and if we are not going to do something about the statistics that they gather, I suggest once more that there is no use in getting them.

What are we gathering statistics for? What I am discussing now is the principle of the bill we are considering: that is, the purpose for which we are to gather statistics. Is it worth the money, the time and the effort necessary on the part of the Canadian people, who in the final analysis have to pay for it, to set up a department, with a minister, to extend the efforts that are now made, carrying them into other fields, when we have documentary evidence gathered by this department indicating the disabilities in one section of the country in relation to the economy of Canada as a whole, if it is not the intention of the government to make use of those statistics once they are gathered? If that is not the intention, then, as far as I am concerned, the thing should be folded up. If, however, we are to do something about the matter, I think this is the time, when we are considering the expansion of this particular branch of the service, to make reference to reports already available to members of the house setting out the disabilities that affect a large section of the population of the country, and to inquire of the government as to what plans they have for removing the disabilities now indicated by the bureau of statistics.

I think it is one of the best branches of the service, and sometimes I am amazed at the information one can get from it. Its members sometimes seem to me to be miracle men. I would refer the house to this latest report which they have handed out on the maritimes. My hon. friend the senior member for Halifax said he had not read it.

Mr. ISNOR: I said I had given it only a casual reading, owing to the fact that it reached me only a few days ago. The hon. member must have sat up all night for the last three or four nights reading it.

Mr. GILLIS: I got it a month ago, after I heard it was out. I wrote to the bureau and they sent it to me. I read it from cover to cover and marked it.

Mr. ISNOR: I said I received my copy only two or three days ago.

Mr. GILLIS: You are rather slack. The document is so important to the people of the

maritime provinces that I should have thought the hon. member, being a supporter of the government, would have had it a long time ago. In fact, others had it long before I received it.

If you had not allowed the senior hon. member for Halifax to roam around in the United States, Mr. Speaker, I would have stayed closer to the terms of the bill. However we shall have more to say about it in committee.

In conclusion, may I say this, for the benefit of my hon. friends over there who believe in the system of free enterprise. The cure for the maritime problem is not statistics, under their system, with risk capital. You cannot get it in that way. If we were over there we would step in and do the job ourselves. The statistics are available.

Mr. ISNOR: You come along and put up a real proposition and you will get the necessary money.

Mr. C. T. RICHARD (Gloucester): I am in accord with what has been said by previous speakers with reference to the advisability of having a scheme whereby we may receive proper data on interprovincial trade. I would not go so far as to say I would support an amendment, because I believe that in order to obtain the data it is essential that we give several complex systems a complete study before proceeding hastily to amend the act. I believe, however, the department would be wise in making a study of a scheme whereby such data might be obtained.

I do not believe that anyone can study certain economic phases of our industrial life in Canada without having such data. You cannot, for instance, study freight rates intelligently without knowing what goods move from one province to another. You cannot study the impact or the consequences of certain economic policies without knowing what is the flow of trade between provinces. You cannot study tariff policies without knowing what is the trade between provinces, and no businessman, who thinks about the import or export business, would think of conducting his affairs without knowing what are the exports and imports of other countries. I believe it is just as essential for our businessmen to have data on our interprovincial trade as it is for us to have data on the business of other countries.

For that reason I believe we should proceed as speedily as possible to obtain such data. I have several times got in touch with the different departmental officials and have been told that I may get the total national statistics, but that they cannot be broken down into provincial figures.

[Mr. Gillis.]

As to statistics proving a cure for the ills of the maritimes, I may say we have been fed up with figures. We want more than that. I believe, however, that we should study not only the maritimes but other places, other parts of the country that are sympathizing with the maritimes, and this cannot be done unless we know just how trade is moving between the provinces.

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, I rise to support the bill. I wish to express my appreciation of the work done by the officials and the employees of the bureau of statistics. I think it is a work that is not fully appreciated by a large number of the Canadian people because of their lack of knowledge and understanding of its importance and extent. These officials and employees carry on, as it were, behind the scenes, without fanfare or publicity, and I am pleased to see that this bill provides for the development and extension of what I consider to be one of the most important services of government.

I wish also to express my support of some suggestions put forward this afternoon by the hon. member for Winnipeg North Centre (Mr. Knowles). I will not repeat them, but I thought they were sound, and the government should give them every consideration. I also wish to commend the hon. member for Cape Breton South (Mr. Gillis) and the hon. member for Gloucester (Mr. Richard) on their observations concerning interprovincial trade statistics, which are most necessary. I trust that the government will give that point consideration.

During the recent sittings of the veterans affairs committee many members of that committee were, I know, much impressed with the factual way in which evidence on the cost of living was presented. The people who are gathering statistics and correctly analysing them and interpreting them according to certain principles require long and special training, and that type of person is not generally recognized because there is no publicity, nothing spectacular about the work. In my opinion a great number of the improvements which we hope to bring about in the way of social reforms, economic organization, the development of our natural resources, transportation and so on will be brought about as a result of the basing of our conclusions upon figures and statistics provided by the bureau of statistics; that is, on facts.

One other suggestion I might make as to the collection of statistics. It would be inter-

esting for the western and the maritime provinces to have statistics regarding the flow of profits from the flanks of Canada to Toronto and Montreal, and information concerning insurance companies which collect moneys from east and west and re-lend them to the maritimes and the western provinces for capital investment in housing, the development of farms, and business, and as a result pyramid interest receipts. The truer picture we get of the Canadian economy because of an accurate knowledge of the facts, the better are we able to judge any situation.

I am greatly impressed by the fact—and this has been the case for a long time prior to this bill coming before the house—that the Canadian people as a whole are exceedingly under-informed about the functions of the bureau of statistics and the information that can be obtained. While technically I believe it is correct to say anyone can obtain that information, I am quite sure that generally throughout the country the great majority of the people are not aware of the mine of information obtainable from the bureau of statistics. I believe the government should carry on some publicity campaign in that respect.

This evening we have had mentioned a report which, as I understand it, deals purely with the maritimes and which quotes figures in connection with a certain situation there. From that report people are able to draw conclusions and on it are able to base opinions for improving the situation which the figures in that report indicate. I think the government should do something to see that representative organizations throughout this country are well informed on the activities of the bureau of statistics and on the information which can be obtained from that source. I would suggest that adult organizations throughout this country should be seriously concerned in playing their part to bring this information to the attention of a greater number of Canadians. The strength of democracy rests on understanding and knowledge of facts. The more we have of those attributes throughout this country the stronger will our democracy be.

I think also that more information in this connection could be brought to the attention of the school children. I have been the chairman of a school board for some years, and have been dissatisfied at the condition which existed, and the same condition exists today to some extent. It seems that those who prepare the textbooks and arithmetic courses are inclined to be over-academic and to be divorced from the practical stream of events, or shall I say, from the facts of life.

Let us take as an example our books on arithmetic or mathematics. Very often they are designed to have the pupils solve certain questions on certain subjects which are not related to the daily life of those children or their parents or to the economic activities in the district in which they live. I believe that something should be done to remedy that situation. The bureau of statistics could provide a great fund of information for the development of sound practical textbooks on arithmetic and mathematics in this country, so that the boys and girls going through our schools, in learning the processes of arithmetic and mathematics, would also come to understand the economic arrangements in our country, the situation as it exists with regard to production, population and so on. In my opinion this is a great field for the findings of the bureau of statistics to be used and introduced more fully into our educational system.

The national film board could well develop a series of pictures outlining the functions of government. While in our schools, cursory teaching is given on the British North America Act, the dominion parliament, the provincial legislatures and so on, there is little information on the function of government as it is related to the departments of government. I believe that the more we can get our older people and our children to understand how the government functions in this country—for instance, to understand what the Department of National Health and Welfare is, and its functions, what the bureau of statistics stands for and what it is—the sounder will be our democracy. I believe that the more we are able to create among the people a fuller understanding of the functions of government, the better will they be able to form judgments and sound opinions concerning any situation.

In conclusion, Mr. Speaker, may I again suggest, and bring to the attention of hon. members as a whole, that I have thought for a long time that the records, figures and findings of the bureau of statistics would make an excellent basis for the publication of books on arithmetic and mathematics more closely allied to the life which our children will have to live when they reach adult age.

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

Sections 1 to 13 inclusive agreed to.

On section 14—Remuneration.

Mr. MacNICOL: I notice that a number of the clauses start out by saying that the minister shall do so and so. Is the Secretary of State the present minister?

Mr. KNOWLES: No; the Minister of Trade and Commerce.

Mr. McILRAITH: "Minister" is defined in section 2 (*d*) of the act, which reads:

"Minister" means the Minister of Trade and Commerce.

Mr. MacNICOL: There is no intention that this department shall have a minister of its own?

Mr. McILRAITH: No.

Section agreed to.

Sections 15 to 31 inclusive agreed to.

On section 32—General statistics.

Mr. KNOWLES: Perhaps section 32 might be a good one at which the chairman might stop a moment for breath and also to ask the parliamentary assistant if he would comment on some of the suggestions that have been made. This is the section that sets out the various kinds of subjects concerning which statistics can be gathered under authority of this act. Tonight we have had suggestions from the maritime members about statistics on interprovincial trade; I made some suggestions about the cost of living index; and the hon. member for Kootenay West has also made some suggestions. Does the parliamentary assistant wish to comment on them?

Mr. McILRAITH: Perhaps I should take advantage of this opportunity to say, first, that I appreciate the remarks made by hon. gentlemen on all sides of the house with reference to the work of the bureau generally. It is well to know that the competent work being done by the bureau is appreciated so generally.

Mr. SMITH (Calgary West): The Minister of Agriculture does not agree with the parliamentary assistant, because he says he has better figures than has the bureau.

Mr. McILRAITH: I should still like to express my appreciation to hon. members, in any event.

Perhaps if I deal in order with some of the points raised on second reading, it would be the best way of dealing with the section.

Mr. SMITH (Calgary West): The parliamentary assistant does not have to make a speech.

Mr. McILRAITH: The hon. member for Winnipeg North Centre raised some interesting points with respect to the cost of living index. The statutory authority for what he suggests exists in the act; I think there is no question as to that. But it is pointed out that he would desire to have the information given on a

dollar basis as well as on a percentage basis. That raises some problems, because it is hard to know just what is meant. If you get it down to a dollar basis, are you to take the average dollar basis or the dollar basis in each area of the country? It comes to this, that about the only accurate way would be to take your average on a percentage basis. However, one point the hon. member made was of particular interest. That was with respect to what he called the norm or base from which it is operated, and the need for revision. I am happy to be able to tell him that this problem is being worked on right now.

Mr. KNOWLES: Good.

Mr. McILRAITH: That does not mean, of course, that there may be an immediate change in the system of putting out those statistics, because the information will have to be collected from the various sources right across the country to get a proper base, and it may take some time; but that is under way.

Then there was another interesting suggestion by the hon. member for Kootenay West. Perhaps it is not possible to be specific, but I think everyone will agree it is highly desirable that more widespread use should be made of the information and publications available. There is one problem in connection with the publications generally; that is, that great numbers of inquiries are received as to the possibility of having statistics provided on subjects other than those at present covered. The difficulty is always to know when to say no, because it would be easy to run into an expensive piece of work without serving any useful purpose. So it requires some judgment to strike a happy medium, where the use of the statistics prepared may be consistent with the cost. However, with the general remarks of the hon. member about making the information available in the schools, and the schools using it and basing their textbooks upon the information, and so on, I think all hon. members will agree.

Another point emphasized by hon. members on all sides of the house had to do with the question of interprovincial trade. That point comes specifically under section 32; and of course most of the discussion was based on a paragraph contained in the report of the royal commission on maritime claims, the so-called Duncan report. Since that time, there has been a great development in the field of internal trade statistics. For instance, in 1931 the first census of retail, wholesale and service establishments was taken. The bureau now issues monthly and annual data pertaining to some of these establishments.

However, in the field of interprovincial trade, as opposed to internal trade generally, there are some serious difficulties, and I should like to take a moment specifically to point out some of them to hon. members. First, there is the development of motor transport in the transportation of goods. Statistics concerning this type of traffic would have to be included, but with the present practices of the motor transport industry many of the firms do not keep records in sufficient detail to be of use in interprovincial trade statistics. That is one difficulty. Another is that the detail now shown in the monthly traffic reports of railways would have to be considerably increased. Another is that, even if it were practicable to obtain all the data that would be essential, the cost would be high. It is estimated that it would take between $300,000 and $400,000 a year. This relates only to the work of the bureau, and does not have anything to do with the added costs to the transportation and other firms supplying the data.

There is a further difficulty. Even if the complete figures on interprovincial trade were available, it would be difficult to determine their significance. Supposing province A should be shown as the source of a volume of goods for province B. Province A might have imported many of the materials used from the United States, or from some other province, so that, before the interprovincial statistics could be made up, the proper significance of that factor would have to be determined. It means that in reality province A would be only in part the source of the goods for province B; and after an attempt to unravel that complexity as between the provinces and the foreign trade, it is almost impossible to see just how the information could be obtained.

There is a further difficulty, that would cast some doubt on the real value of statistics on interprovincial trade. That is, the commodity trade by itself is only one aspect of interprovincial trade. There are the invisible items such as, for instance, the movement of tourists. How could one get the data on the movement of tourists and travelers from one province to another?

Mr. SMITH (Calgary West): It would be comparative, would it not? There would be no difficulty. You would get balances.

Mr. McILRAITH: It is an easy matter when the tourists come from another country, because they are checked at customs and immigration ports as they enter and leave, so that you have a base. But it is a little difficult to see just how you could check them as between provinces.

Mr. SMITH (Calgary West): If you go to British Columbia you have to register when you enter the province.

Mr. McILRAITH: There is another difficulty, namely the question of supplying services. It would be difficult to get an actual breakdown of the cost of supplying services between the provinces; and by that I mean insurance, the use of harbours, and other personal services as well as even professional services.

Mr. SMITH (Calgary West): I hope you do not think I am opposed. It would not do me any good, anyway.

Mr. McILRAITH: In any event, that illustrates the difficulty of getting a proper and complete set of interprovincial trade statistics that would really be useful.

In connection with the suggestion of the hon. member for Saint John-Albert about an amendment to section 32, it is noted that the wording of that section puts an absolute obligation on the bureau to collect and compile the statistics enumerated. My suggestion would be that there is a general clause under section 32(m) authorizing the bureau to collect, compile, and so on, statistics on any other matters prescribed by the minister or by the governor in council. I should like to examine into it, to see if there are statistics other than those we are now getting which we can collect and which would be useful on this subject of interprovincial trade, but which could be handled under paragraph (m). Otherwise I would think the suggestion of the hon. member for Saint John-Albert is in too rigid language. It might be heading us into something that would mean a tremendous increase in staff and a tremendous burden which might be out of all proportion to its value.

Mr. TIMMINS: Could the parliamentary assistant answer the question I asked with respect to revenue and taxation under the Department of National Revenue? I need not develop it further at the moment.

Mr. McILRAITH: I am sorry I overlooked the point raised by the hon. member for Parkdale. His point had to do with, as he expressed it, statistic of taxation and revenue. Actually there is authority for collecting statistics under section 32 (i), "public and private finance".

With respect to the particular matter he raised, there is now in the Department of National Revenue a statistics section which I believe is being developed at this time. It is interesting to note that the type of information for which the hon. member asked was

statistics on the subject of a new tax arising out of the tremendous increase in taxation during the war. I think the point he raises about having better statistics in respect of the collection of national revenue is already being covered by the statistics branch of the Department of National Revenue, which branch is now in operation.

Mr. TIMMINS: The question I really asked of the parliamentary assistant was this. He has said that a statistical section is being developed in the Department of National Revenue. I say to him I agree with that. I think it is just now in its infancy, and probably arises out of the lack of help during the war. The department has as much as told me that it really does not have any statistics at all.

What I am suggesting to the parliamentary assistant is this. Is this not the time when those statistics should be developed under the dominion bureau rather than by having a duplication in the Department of National Revenue?

Mr. McILRAITH: That raises two or three points which should be considered. First of all, there is the matter of the secrecy of the income tax form. The way it works out in actual practice is that the bureau of statistics works with them in the matter of general statistics—that is, methods of setting up, and the like—but does not do the detailed work of putting the statistics together.

The hon. member is quite right when he makes reference to the matter of staff during the war, and the development since. I think that is about as complete an answer as anything I could have said.

Mr. ISNOR: In view of the fact that I raised this question of interprovincial trade figures, I should like to thank the parliamentary assistant for covering it so fully. I feel, however, that when he says there is some question as to the value of these figures, even though they could procure them, his statement is debatable. No doubt he may hold that opinion, but others have a different thought on the matter.

I say if we had figures such as I have suggested in regard to freight rates, such figures would have had a definite bearing in our case at the time the maritime provinces appeared before the board of transport commissioners. As the bureau does in respect of merchants, I feel it might do in this instance. The bureau sends out forms upon which it asks the merchants to report each month. If the same thought were followed out and a similar form sent to the railways asking that they report as to the tonnage originating in the various provinces this would serve a useful purpose and, I believe, could be done without difficulty. Something could be worked out which would give information of real value, if we had to represent our case on freight rates. If it were made to apply to railways, the same could be done in connection with trucking companies on the highway. This would be a valuable help, and could be useful to us in preparing a case in the future.

Mr. McILRAITH: Perhaps I should make it clear to the hon. senior member for Halifax that I was not casting any doubt on the value of the statistics, if we could get all the information that should go into the subject of interprovincial trade. What I was questioning was the significance such statistics would have if they were not complete in all respects. It is that rather technical problem which I intended to raise. I did not intend to cast any doubt on the value of the statistics, if we could get a complete picture and cover all the factors which enter into the making of a complete statistical picture of interprovincial trade.

Mr. MacNICOL: I should like to add a few remarks to the suggestion of compiling statistics respecting interprovincial trade. Such information would be most interesting. The bureau of statistics is an able body, and if it could find any way of getting that information it would be useful and interesting. The difficulties, however, I believe are almost insurmountable.

I have in mind manufacturers of heavy goods. Not only are the goods heavy, but they are invoiced at large sums of money. Some of those companies may have only ten or fifteen accounts in the whole of Canada. They deal through large wholesale houses in the large centres of the dominion—Montreal, Toronto, Winnipeg, Vancouver and perhaps some other centres. I know of one big firm with which I was closely associated which had only seven accounts in all Canada. The people to whom they shipped trainloads of material, in turn shipped it throughout Canada. So that the large manufacturing institution in Toronto might ship ten carloads of boilers or radiators to a jobber in Montreal who, in turn, might ship it to the maritime provinces or back to eastern Ontario, northern Ontario or Manitoba.

It looks to me like a difficult procedure, if the bureau would hope to have any accurate information on the subject. If it were available, however, it would be interesting to have. I do not believe it would disclose what my hon. friend to my left has suggested, that interprovincial trade is a one-way street; not

by any means. We want to develop it, so that when a carload of one class of goods is shipped to the east a carload of another class will be shipped back. That is real trade; and if the bureau of statistics can produce any information along those lines it would be both interesting and helpful.

Mr. PROBE: Section 32(h) indicates that educational statistics are the responsibility of the bureau. From time to time some of us have had occasion to ask for and to use statistics prepared by the bureau with respect to education. What I have to say must not be construed as a criticism of the bureau, because I am pleased to concur in the compliments which have been paid to their efficiency in obtaining information for members of the house. However, some of us have had some difficulty in securing statistics of an educational nature dealing with enrolments, and the like, because certain provinces are definitely excluded from the figures we are given.

In view of the fact that the Minister of Trade and Commerce has seen fit to delete section 19(1)(e), which dealt with the municipal, educational, charitable, penal and other institutions, would the parliamentary assistant explain why the educational statistics presented by the bureau are deficient to the extent that whole provinces are excluded from the statistical picture?

Mr. McILRAITH: I was of the impression that we get statistics from each of the provinces. I think the difficulty is rather with the breakdown or the completeness of the information. I must say frankly that I am not too familiar with the point raised by the hon. member, but I think the situation is that we get general educational statistics from all the provinces but not details on all aspects from one or two of the provinces.

Mr. PROBE: In connection with enrolment in primary and secondary schools, I recall that just a few weeks ago I received the most recent figures available; they were for the year 1944, and the figures for the secondary schools were omitted from the picture. That was true of some other details the nature of which I have forgotten, but that has been the case every time. I have secured such statistics from the bureau. In other words, the picture that I require and that other members would require under similar circumstances is not a complete picture. Is it a fact that all statistics relating to enrolment, expenditures and so on, with respect to education, are obtained from all the provinces?

Mr. McILRAITH: Yes, it is a fact that we get all these statistics from all the provinces. I am not familiar with the details of the point raised, but I will look into it. Some of the provinces are a bit slower than one might wish in supplying the information required, but there is not much that one can do about the matter.

Mr. SMITH (Calgary West): Does the parliamentary assistant to the minister think the basis of dollar value is of any use without an accompanying table of the quantities of the things produced? What I have in mind is this. We find that the dollar value of our trade in a certain commodity is so much. It may be that we are manufacturing only fifty per cent of what we used to manufacture; yet the dollar value remains the same. I want to get the opinion of the statistics department as to what use dollar value is without accompanying production figures of the article being dealt with.

Mr. McILRAITH: I think the answer to that is this. With some items there is no measuring value other than the dollar value. But when you are dealing with commodities there is no doubt at all that, in addition to the dollar value, the unit value—the quantities, bushels or pounds or whatever it may be—is necessary. But there is this difficulty, that certain statistics which are very useful include items that cannot be measured in other than dollar value.

Mr. SMITH (Calgary West): Agreed, but the point I am trying to make, and I want you to agree with me, is this. Trade figures given in dollar value only for years like 1946, 1947 and 1948, are practically meaningless having regard to the production of commodities in the country or imported into the country. In other words, they can have no meaning unless we have one column showing the dollar value, and another column showing the production figures. Is that not an accurate statement?

Mr. McILRAITH: That places me in rather an embarrassing position. The trade statistics to which the hon. member refers may include items other than commodities, such as the tourist trade, which cannot be measured in other than dollar value. But if the statistics dealt only with commodities my hon. friend's criticism would be fair. For most of the major products comparative quantities can be obtained, and it is just a matter of using the two sets of figures.

Mr. SMITH (Calgary West): My whole point is that they should be shown side by

side. As to tourist dollars, we say that the United States dollar is on a par with ours, and we welcome tourists from the United States who come here and spend United States dollars to help balance our exchange. But, as everyone who knows anything about the matter knows, what the United States tourist is doing is buying our dollars in the United States at ninety or eighty-eight cents or something like that, and when we keep on bragging about how these tourists are helping our dollar situation it is just a lot of nonsense, is it not? Anyone who is half smart buys our dollar in New York at eighty-eight cents and spends it in Canada and gets a dollar's worth, and that is not helping our dollar situation at all.

Mr. McILRAITH: I cannot admit that the United States tourist may buy some of our dollars at a reduced rate, but it is not fair to say that is the way the whole operation goes.

Mr. SMITH (Calgary West): If he were smart, he would do it in that way.

I want to ask another question. We have in Canada a three-pronged program for righting our United States exchange position, and one of those prongs is the 25 per cent excise tax. I want to know through the parliamentary assistant, and the very bright gentlemen who sit quite close to him, whether the bureau of statistics are able to give me one very simple statement of fact, and that is the amount of United States dollars which the 25 per cent excise tax has saved in so far as Canada is concerned. I have asked a real question about statistics. I should like the parliamentary assistant to answer it.

Mr. McILRAITH: Perhaps I should answer that question first and then I want to revert to another one. The bureau of statistics does not have that information. That information, if available, would be available in the Department of Finance.

Reverting to the earlier point raised by the hon. member with respect to tourist dollars, we have the records of the number of tourists as well as the number of dollars. Therefore, if you will read the two sets of figures together you can develop any argument or point you want to make arising out of the question asked me. It would be well to bear in mind that we have the quantitative statistics as well as the dollar statistics.

The CHAIRMAN: Shall the clause carry?

Mr. SMITH (Calgary West): No; I have been away celebrating a great political victory for my side, and therefore I am a little behind. The parliamentary assistant says he has the record of the number of tourists.

[Mr. Smith (Calgary West).]

That is obvious. One can get that from the customs department. The parliamentary assistant's next statement was that the information I sought, if it were available anywhere, was in the Department of Finance.

Mr. McILRAITH: With respect to the excise tax.

Mr. SMITH (Calgary West): If you have a department dealing with taxation and internal revenue you can get access to the Department of Agriculture and to any of those numerous departments controlled by the Department of Trade and Commerce. Is the parliamentary assistant suggesting to me that the bureau of statistics cannot get from the Department of Finance a very simple answer to the question I asked? If not, of what use is the bureau of statistics? I am very proud of it. I would like its records to be accepted in courts of law, and without proof, but now that I learn it cannot get the information from the Department of Finance I have completely changed my mind in the last minute and a half. If the bureau of statistics is to be of any use at all, surely it must have access to all these places. Is the parliamentary assistant suggesting that the Department of Finance has an iron curtain raised against the bureau of statistics?

Mr. McILRAITH: No.

Mr. SMITH (Calgary West): That is what it means if I understood him correctly.

Mr. McILRAITH: No; I was suggesting that the hon. member go to them; they have it. That was my point.

Mr. SMITH (Calgary West): With great respect, perhaps the parliamentary assistant had better answer a little more fully.

Mr. McILRAITH: With deference, and with very great respect for the hon. member, I will answer a little more fully. The point I was making was that if the statistical information on excise tax is available—I do not know whether or not it is—it would be available in the Department of Finance and in the public accounts. I do not see any reason why the bureau of statistics should duplicate it and make the information available. That was my point.

Mr. SMITH (Calgary West): Here is my point. I have asked the question. On the 17th day of last November we had an excise tax imposed.

Mr. KNOWLES: By radio.

Mr. SMITH (Calgary West): By radio. I like the radio, but that is neither here nor

there. We got rid of the constitutional problem long ago. We were right, but the government succeeded; but that does not matter. The point I have is this. That happened on the 17th day of November. We are now at the third day of June. Has not the statistical department this information? Have the Department of Finance refused it? I do not think they have. If they do not have it, why do they not have it? That is a worthwhile statistic, because everybody is paying that tax today.

We have a bureau of statistics. The word "bureau" is a much better word than "department". Bureaucratic does not apply to the bureau of statistics. May I make that very plain? Why do we not have the information? Surely a statistical department must have immediate and quick access to all other departments of government. If the parliamentary assistant's answer is that he does not know, and with all the information available he cannot answer me, that, at least, would be a straight answer; but please do not say that the Department of Finance has it and the bureau of statistics cannot get it out of that department. That is what he has said up to now.

Mr. McILRAITH: No; I was very careful, Mr. Chairman, not to say that.

Mr. KNOWLES: I want to thank the parliamentary assistant for the comments he made some time ago on my suggestions with regard to the cost of living index. I was indeed pleased to note his favourable reply to the effect that the bureau is at present working on a new base or norm for this important index.

However I should like to say a few additional words with reference to my other suggestion, namely, that an attempt be made to give the public an index in terms of dollars and cents. I was glad to note his statement that the statutory authority for the bureau to do this is already provided, so that what I am really doing is making a suggestion through him to the officials of the bureau.

The parliamentary assistant said this would be difficult. I believe he said that one would have to find some average, and that the dollar and cents figure which would be given would therefore in a sense be unreal. I agree that all averages are unreal except for one fictional person, the so-called famous average man, and they are also deceptive. But I point out that that is even more true of the index figure the way it is now given. My contention is that if this could be translated into dollars and cents it would be much more readily understood by the people of the country.

At the present moment I believe the cost of living index stands at 152. What that means is that today it costs 152 per cent of what it cost during the period from 1935 to 1939 to buy a certain arbitrary quantity of goods and services. That arbitrary quantity was the amount that could be bought for $1,453.80, broken down as follows:

Food	$443.00
Shelter	269.50
Fuel and light	90.50
Clothing	165.80
Home furnishings	125.70
Miscellaneous (health, personal care, transportation, recreation, life insurance)	319.40
Other items	39.90

These were the items included in the index, and the quantities that could be purchased by these amounts were considered as the norm in the period 1935 to 1939. The total added up to $1,453.80. When we say today the cost of living index stands at 152 it simply means that to go into the market and buy the same quantity of goods that was bought for that figure in the previous period would now cost 152 per cent of that figure, or $2,209.77.

Let me bring both of these figures down to monthly and weekly figures. They would mean, in other words, that what it cost $121 a month to buy in 1935-39 now costs $183.92 a month; or again that what it cost $27.96 a week to buy in 1936 to 1939 now costs $42.49 a week. I have given the figures for the three periods, the year, the month and the week. Let me now stick with the figure for the week. What this all adds up to, as I see it, is this. When the dominion bureau of statistics tells us that the cost of living index is 152 it is simply saying that it cost $27.96 a week to buy a certain quantity of food and services in 1935 to 1939 for a certain group of Canadian families, and it now costs $42.49.

If the bureau were to say that the cost of living stands at $42.49 there would, of course, still be something unreal about that, in that it would be only the experience of the average man, who does not exist, and it would be only in terms of that arbitrary allotment or assortment of goods and services chosen by the bureau in 1935-39. That is true, but at least I contend it would give a better idea to the Canadian people as to where the cost of living really stands. My hope is that, when the bureau works out a new base or norm, it will arrive at that base or norm after consulting experts in the field of nutrition and health, and that it will tell us what the figure is for a decent, respectable Canadian living standard and give us that in dollars

and cents. And then from here on, let us be told what the cost of that decent Canadian living standard amounts to in dollars and cents and whether it goes up or comes down.

I am not a statistician and I may be getting beyond my depth. I admit that candidly, but it seems to me that this is common sense and that if we could move in this direction the cost of living figure would be more understandable to the Canadian people generally and it would be more useful to all of us in trying to arrive at policies whereby something could be done about the cost of living and the standard of living of our people.

However, for the moment I wish to thank the parliamentary assistant for the assurance that the bureau is working on the matter.

Mr. McLURE: All our maritime men have spoken on this bill that is before us, and I thought I might join in the discussion either to support what they have said or to agree in part or to disagree as the case might be. The hon. senior member for Halifax stated, with reference to the population of the maritimes, that it was 1,100,000. Well, our province of Prince Edward Island is part of the 100,000 and not of the 1,000,000.

The bureau of statistics is one of the great things in this country, either from the provincial point of view or from the point of view of the country as a whole. The gathering of statistics is important, and if they were analysed properly the result would be to extricate governments from many of the difficulties they get into. All we have to do is to look at the transportation question which we discussed some time ago and the increase that was involved.

In section 32 there is little reference to transportation and different systems of transportation, the long haul of freight and the short haul. No government or commission, if these statistics had been available to it, would have come to the conclusion that there should be a universal increase in freights all over the country.

While we may be gathering statistics, we are not having them analysed for the benefit of the people. This is exemplified in connection with the long haul of freight. The government may have had the statistics, and no doubt the Canadian National Railways had them for the last month with reference to the freight on the long haul originating in Prince Edward Island. During the month of April, which is the only one for which I have been able to get statistics, 2,600 cars of freight inward and outward were moving on the long haul. Of these, more than 1,800 were outward and 760 were inward, all going to the benefit of the long haul freight rate. If we in our province had had those statistics, with a proper analysis of them, I do not believe that we would have been subjected to a twenty-one per cent increase in our freight rates.

In this section, 32, there is very little with regard to the collecting of statistics on transportation, which, after all, is the most important factor in the economic welfare of any province.

I am glad that the hon. senior member for Halifax has become a convert to the stamp freight idea, about which I have spoken three or four times. I notice he is now in favour of the idea that goods originating in Ontario and in Montreal should be sold at the same rate to the retailer, no matter where the retailer lives. I am glad, as I say, that he has been converted.

Section agreed to.

Sections 33 to 42 inclusive agreed to.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

POST OFFICE DEPARTMENT

309. Departmental administration, $1,096,287.

Mr. CHURCH: I wish to call the attention of the minister for four or five minutes to certain matters in connection with which I have had a good deal of correspondence with him. There is a large surplus in the department at the present time, and I am asking for better working conditions and hours of labour for some of the rank and file of the post office. In our city we have recently taken over one of the buildings used during the war, situated at the foot of Bay street, where the army had its storehouse, and the navy and other branches were accommodated. I refer to the mail order department. The surpluses for the past six years have been: 1941, $1,683,000. That was a war year. In 1942 it was $4,492,000; in 1943, $4,126,000; in 1944, $12,585,000; in 1945, $11,442,000; in 1946, $10,905,913; in 1947, last year, $8,773,574. So far so good. I notice that our city has a postal revenue of over $15 million; I think it is about $15,250,000. I believe that Montreal has a revenue of only about $10,100,000. I have the figures here. In that connection I may say there are far more substations in

Montreal than there are in Toronto, although the revenue is nearly $5 million less. I think the time has come when some of these profits should be used to reduce the postal rates.

The post office is a magnificent public utility. It has the endorsement of all the people of our city and, I think, of practically all the people in the whole country. It is a well-conducted public utility. I believe the time has come when there should be some additional reduction in the postal rates which were largely raised shortly before the war and during the war when so many of our men and women were in the forces. The time has now come for better working conditions. I should think in the city we should have a one-cent drop letter rate, and for the rest of the country a three-cent rate. If that were done, it would mean that there would be some reduction of the surplus.

I think the time has come when, in our city and throughout Canada, the minister should own, occupy and manage his own public building. I do not think it is fair to have the Department of Public Works over the present minister, who has a vast experience in business as a lawyer. I think it would be far better if control were transferred from the Department of Public Works to the Post Office Department. I would make that suggestion.

The other suggestion I wish to make is that we should have a more progressive public utility. It is progressive. Valuable services are being given at low cost, and some improvements are being made, I will admit, in labouring conditions, with regard to holidays at week ends and at Christmas time and matters like that. But I think the time has come when the post office should branch out and assume some of the functions performed by the British post office, because our post office has not improved greatly in functions up to 1948.

I do not wish to delay the minister in getting his estimates through, but I hope there will be some reform along the lines I have suggested. The minister should have full jurisdiction over the ownership of the building, repairs and all that kind of thing. A number of old buildings have been used, and they might be put to other uses. Some public buildings and post offices are built where the revenues received are not commensurate with their size. For example, in some of the cities and towns large public buildings are being built where one about half the size would be commensurate with the business done. I believe that should be a good principle to follow, because the cost of building today is almost prohibitive. It is now about three times what it used to be. I believe it would be far better if a cheaper form of building were provided, with more windows and all that kind of thing. A more modern structure could be built. I think the revenue should be considered. If a public building is to be built in town A, B, or C, consideration should be given to what the revenue of that public building will be in town A, B, or C. There should be some relationship between the size of the building and the use to which it is to be put, its functions, and how many departments are using it. I think the time has come when we should have some reduction in rates which apply to the post office department of our city, and not have the surplus used outside for other purposes.

Mr. MacNICOL: I just wish to add a little to what has been said by the hon. member for Broadview and to ask a few questions. Is the minister able to give the committee the approximate number of postmen employed throughout the whole country, and the approximate number in the principal cities such as Montreal, Toronto, Winnipeg, and Vancouver?

Hon. ERNEST BERTRAND (Postmaster General): In connection with what the previous speaker said, in Toronto there are large stores like Eaton's and Simpson's, which use the mails extensively. This in large part accounts for the increase in revenue or for the larger amount of postage stamps sold in Toronto as compared with Montreal.

As to the postal stations, there are more in Montreal; but Montreal is more extensive in area than Toronto, and is divided by the mountain, by rivers, the canal and so forth; therefore a few more postal stations are needed, although the revenue is not as large as it is in Toronto.

As to the transfer of the building of post offices to the Postmaster General, I have no objection at all as long as I am Postmaster General. If I changed my position, I might not be in favour of the change. But up to this time it has been decided that the Department of Public Works is the department which is to take care of the construction of the buildings for every department.

As to what the hon. gentleman just asked me, I must say that altogether we have about 41,000 employees, including the rural mail contractors. We have over 25,000 employees who are civil servants. At headquarters in Ottawa we have 1,088 employees. At staff post offices we have 13,593, and in district offices, 522. In the railway mail services there are 1,191. Revenue postmasters, including sub and seasonal offices, 11,826. The mail service takes

12,910. That makes a total of 41,130. The number of employees in large offices is as follows:

Toronto	2,978
Montreal	2,866
Winnipeg	770
Vancouver	966
Ottawa	662

Mr. MacNICOL: The last time these estimates were dealt with I brought up the question of more comfortable quarters in the average branch post offices in Toronto. I am aware that some, such as the West Toronto post office, are splendid, and the department deserves praise for putting up a fine branch like that. But there are other offices with quite a number of postmen, perhaps forty, more or less, much of whose work is done down in the basement of the building they happen to be in, which probably was formerly a store. In the summer those quarters are not very comfortable; it gets very hot down there.

I should like to see the department try to bring about a uniform standard of comfort for the postmen throughout the city. That may be hard to do, but I hope some way will be found of doing it. We have a wonderful civil service in Canada, and of the whole service no part does a better job than the ordinary postman. No part of the service works harder than they do, though I am not finding fault with the other departments in that regard. The difference is that the postman is out in all sorts of weather, hot or raining or snowing, usually carrying a heavy load. So when he returns to his station he is entitled to a comfortable place to rest a while before starting for home. Very few of the branch post offices have such a convenience. They may have benches to sit on, but there is not much in the way of comfort or any amenities. I should like to see that situation improved.

On the last occasion I believe I brought up the question of the remuneration of the postmen, and I understand that has been attended to, that they are now getting better remuneration. But I understand that the foreman in the office; I forget what he is called—

Mr. BERTRAND (Laurier): The supervisor.

Mr. MacNICOL: —the man who allocates and supervises the beats, and so on, who has a responsible job, was not advanced on the last occasion. Has he been advanced since then?

Mr. BERTRAND (Laurier): Yes, everyone has been advanced to the same extent as the other employees.

[Mr. Bertrand (Laurier).]

Mr. MacNICOL: I am glad to learn that; I know the minister is doing the best job he can. I think that pretty well covers the questions I wanted to ask. Personally I am proud of the whole postal service, particularly of the fine type of men employed, practically all of whom are returned soldiers. It is seldom one hears of any malfeasance or theft or robbery, though they handle precious and valuable mail. To my mind the ordinary postman represents one class of civil servants who deserve unstinted credit.

Mr. TUSTIN: I was pleased to hear the minister say a few moments ago that he had no objection to building post offices as long as he was Postmaster General. For quite some time I have been putting off a request, but possibly this is the proper time to make it to him and, through him, to the Minister of Public Works. In my constituency a post office was built many years ago.

Mr. BERTRAND (Laurier): That is in Picton, is it?

Mr. TUSTIN: Yes, in the town of Picton.

Mr. MacNICOL: A beautiful town.

Mr. TUSTIN: One of the finest in Canada. This post office was built a good many years ago. Now, with the increased revenue the space has become too small for the increased work that has to be done. It is not only the work in connection with the town itself; there are ten rural mail routes running out of that post office. I would request the minister to make a survey, and if he can see his way clear to do so I would urge him to recommend to the Department of Public Works that a new post office be built in the town of Picton. If that is impossible I would suggest that at least the present building be considerably modernized.

While I am on my feet I should like to bring another matter to the attention of the Postmaster General. I refer to the employees in the post offices both in Picton and in Napanee, which town also I have the honour to represent. Those post offices are in a category which I believe includes very few others. The only member of the staff coming under the civil service is the postmaster himself. The remainder of the staff are placed there on a patronage basis, or some other basis. I am not complaining about that at all, but I say to the Postmaster General that these young men, most of whom are veterans, are not receiving wages that are nearly adequate for the work they have to do. As a matter of fact, in view of the present cost of living I do not know how they keep a home together and live.

I think that is something which should be considered at an early day. I am aware that some small consideration has been given them; but in my opinion if one man in a post office is under the civil service and eligible for superannuation and other benefits, all employees in that post office should be treated in the same way. I would urge the minister to consider seeing to it that all the employees in these post offices are brought within the civil service and given the same rights as are employed by those in other offices.

Mr. LENNARD: First I should like to thank the department, through the minister, for instituting a postal delivery service in the fine little town of Dundas several months ago. In connection with the philatelic division, or whatever it is called, I should like to say a word on the issue of the Princess Elizabeth stamps. I have a letter which I have preserved for this purpose, and I quote from it:

> Just a note to say many thanks for the first day cover of the Princess Elizabeth stamp that I have received from you in Ottawa. I did get a couple of other covers but yours is the only one that is hand stamped—

I may say it was hand stamped here in the House of Commons.

> —which makes it more attractive. Ottawa ran all the covers through a cancelling machine with a worn slug in it and really made a mess of all the stamps.

I merely draw this to the attention of the department in a kindly way, as the Minister of Labour would say, so that when they send out first covers on another occasion and have them stamped in Ottawa they might bear this in mind and not have some old slug doing the job.

Mr. BERTRAND (Laurier): I received a letter from the hon. gentleman in this connection, and we have advised our employees to see that this does not happen again.

Mr. MENARY: Some of the post offices in the rural districts of my riding are being closed, where there may be a mail route which will serve the people. Just last week representations were made to me in connection with another post office, which is some twelve miles out. These people do not want to lose their post office, because on the rural routes they have to wait outside if they want to get a postal note. We have a great deal of snow in our part of the country, and it is very cold waiting around for the mailman. I saw the department this week about this matter, and they told me nothing would be done, but I wonder if it could not be reconsidered. This post office is about twelve miles from my home town and about twenty miles from the next town in the other direction. They would like very much to keep their post offices.

Then, I should like to join with the previous speaker in asking that these returned men employed by the Post Office Department be put under the civil service. If a returned boy works for the post office and is receiving only $1,200, $1,500 or something like that, he should be under the civil service. The postmaster is under the new system, but I should like to see the clerks in post offices placed in the same position as postmasters.

Mr. BRYCE: I wish to make my annual plea to the Postmaster General for better post office buildings in the constituency of Selkirk. We have one or two good post offices there, but many of the buildings are not satisfactory. I am pleased to see the genial Minister of Public Works in his seat, because I am sure the Postmaster General will be telling me to see him.

I have had many representations from towns in my constituency which are growing by leaps and bounds. When one sees a post office in an old broken down building it gives the whole department a bad name. I do not want to get in wrong with any other ministers, but I believe the post office is one of the best departments we have, so far as giving service to the community is concerned. To do a proper job they should have good buildings—and I would ask the Minister of Public Works to listen to what I am saying.

We have the Royal Canadian Mounted Police in many of our districts in the west. They have to have barracks and offices. It would be worth while to see one government building housing the post office and the mounted police. I do not know whether the minister has been to the town of Arborg, but if he has he will know it is a growing town. They have built a hospital for themselves, but the post office is a disgrace to the community.

What I have suggested is something which should be done. We should have better post offices for people to work in, buildings which would be a credit to the towns and the department. I have mentioned only one town; I could give the names of a dozen of them.

Mr. FULTON: I have three or four matters I should like to take up with the Postmaster General. The first is the question raised by the announcement made in the press, and I believe also in the house, to the effect that rural postmasters, or postmasters of small offices, were to be made civil servants. So far

as I know, the necessary legislation has not gone through the house. Is it intended to introduce a bill this year, or is that to be done by order in council?

Mr. BERTRAND (Laurier): According to the rules, that is done by the Postmaster General himself. An explanation as to why it is done in that way would take some time, but I would point out that it has always been within the jurisdiction of the Postmaster General.

It is true, as the hon. member says, that a greater amount of post office revenue and a greater number of postmasters are being brought under the civil service, with fair salaries. In the meantime, in respect of post offices with revenue of over $3,000, we are now taking care of rentals ourselves to ensure that we have better places in which to install our post offices. Also, if help is required we see that the salaries of the helpers are fixed by and paid for by the department. The postmaster will have a fixed salary. Postmasters in post offices with revenue of more than $3,000 will, we hope, be eligible for superannuation, if they are not too old. In this way they become permanent employees.

We are working on this matter. A beginning has been made and we hope to be able to continue. It will be remembered, of course, that there are over 12,000 post offices in Canada, and it will take considerable time before we can establish this procedure at every point.

Mr. FULTON: I thank the Postmaster General for his answer. Is it correct to say that the proposal to make postmasters civil servants applies only to those offices with revenues at the present time over $3,000 a year?

Mr. BERTRAND (Laurier): That is right. We cannot do it for very small post offices with revenues of only $300 or $400 a year.

Mr. FULTON: Was there a separate proposal, or is it part of the same proposal, to allow rural postmasters to contribute to and to come under the superannuation scheme?

Mr. BERTRAND (Laurier): It is just an experiment. We hope to do something for those who receive over $3,000. But of course we have to submit our plan first to treasury board.

Mr. FULTON: I was consulted some time ago with respect to a proposal concerning which I did not know the details and upon which, for that reason, I could not give advice. The person who consulted me said he understood if he had been there a certain number of years, made a request and made certain contributions, he might come under the superannuation scheme, even though he would not be classed as a civil servant. Is that a separate scheme, or was he misinformed?

Mr. BERTRAND (Laurier): No specific decision has yet been made on that point. We know what we would like to do, but no specific decision has been made. I should not like to say anything until it has been decided upon by the proper officers.

Mr. FULTON: May we expect in the near future to have a complete statement from the Postmaster General covering both schemes?

Mr. BERTRAND (Laurier): I think I shall be able to give it next session.

Mr. FULTON: Not before then?

Mr. BERTRAND (Laurier): We hope this session is not going to last very long.

Mr. FULTON: I should like to ask the minister some specific questions with regard to the mail service in my own riding. I do so because I have had correspondence with him. While I appreciate the points he has made in his replies, I have not obtained the results I had hoped to obtain. Perhaps he could outline the general provisions governing.

I should like first to refer to the mail service to and from Blue River, British Columbia. This is a divisional point on the Canadian National Railways half way between Kamloops, British Columbia, and Edmonton, Alberta. They have a growing amount of correspondence with Edmonton, and yet they find that the mail between Blue River and Edmonton must go south to Kamloops, be transferred to the Canadian Pacific, go east to Calgary, be transferred at Calgary, and go north to Edmonton. This is a matter of some 650 miles, instead of going north from Blue River to Edmonton, a matter of about 300 miles. The answer given by the Postmaster General is that there are no mail clerks on the Canadian National Railways train.

Then they find that the same situation applies between Blue River and Vancouver. The mail to Vancouver goes to Kamloops by the Canadian National, the only railway serving that district; then it is transferred at Kamloops to the Canadian Pacific, and transhipped to Vancouver.

In both cases I have had instances cited to me of mail taking about five days to reach Vancouver or Edmonton by these roundabout routes, whereas the train itself requires only

fourteen hours to Vancouver and ten hours or less to Edmonton. The answer I have from the Post Office Department is that it is cheaper to do it in that way; that is, to tranship it to the Canadian Pacific rather than send it direct on the Canadian National. I cannot understand how it would not be more expensive to tranship it, recheck the letters from the bags, and send them from one railway to another. The money they save by not having a mail clerk on the Canadian National would be more than the $3,000 which they say they are saving now by having a mail clerk on the Canadian Pacific.

Mr. BERTRAND (Laurier): We are still in correspondence about this problem, and we have not got an answer to our last inquiries, because of flood conditions in that part of the country. To be frank, I would not be able to give all the particulars here, because we have so many of these problems and cannot learn the details by heart but must have the files before us. I will take note of what the hon. gentleman has asked and will take the liberty of writing him and explaining at full length.

Mr. FULTON: I am glad to hear the minister say that, because, from the correspondence we had, I was under the impression that the minister's last decision was final and that a change could not be made. I take it that the matter is still under consideration?

Mr. BERTRAND (Laurier): Yes.

Mr. FULTON: I am grateful for that assurance.

Mr. WINTERS: So that the minister will not think there is no support on this side of the house for the point raised by the hon. member for Prince Edward-Lennox, and reiterated by others, I feel that the assistant postmasters particularly should be made eligible for civil service benefits. I have had considerable correspondence about this matter; I must say that the minister has been most receptive, and I wish to thank him for his attitude. The present status of my correspondence is that, unless the revenue at a post office is $30,000 or more, the assistant postmaster will not be eligible to qualify for civil service status; and, even where the revenue is in excess of $30,000, he cannot qualify at present, although I understand that something to that end is being undertaken. I think $30,000 is too high a figure. If an assistant postmaster is necessary he should be given the privilege of qualifying for the same civil service benefits as the postmaster. The assistant postmaster in offices of the size under discussion receives a relatively small salary and is not entitled to pension or superannuation benefits of any kind. I should like to see the minister go as far as the hon. member for Prince Edward-Lennox urged, and embrace all the employees, but at the moment I am appealing for consideration for the assistant postmaster. I ask the minister if he will not consider this matter further with a view to going below the $30,000 line he has apparently drawn, so that where an assistant postmaster is necessary he may be allowed to qualify for civil service status.

Mr. BERTRAND (Laurier): Yes.

Mr. JAQUES: I have a copy of a letter from the board of trade of Leduc in my riding concerning the post office at Leduc. They say:

Dear Sir:

The Leduc board of trade after a thorough discussion as to the needs of a larger and better post office for the town of Leduc instructed me to write you about this matter. I realize, of course, that you are fully cognizant of the situation in our town and it would avail little my dwelling upon the needs.

However, to draw this matter to your attention for your further investigation I might mention that Leduc is a growing town due to the discoveries of oil in its vicinity. The population is growing rapidly and the old post office, which is a corner of the E & S store, has been hardly large enough in the past to accommodate Leduc and its large rural mail deliveries, let alone taking care of its booming requirements.

I earnestly appeal to you that you may take into your immediate plans the urgent needs of Leduc for better and larger postal facilities.

Thanking you for your valuable time, I am,

Yours truly,

R. MacLaren,
Secretary-treasurer.

I can say from my own knowledge that this post office is entirely inadequate for the postal needs of the people of Leduc and the surrounding country. It is true that, owing to oil developments, the town is crowded and a great many new people have come into it. Most certainly they are in need of larger and better postal facilities. I understand that the minister has received a copy of this letter. Can he hold out any hope that he will take action in regard to the post office at Leduc?

Mr. BERTRAND (Laurier): I can quite understand that in a place like Leduc, because of the development that is going on there, the need for postal service is increasing rapidly. For six or seven years we have not been building any post offices because of the war and post-war conditions, but we hope to be able to catch up very soon with the time lost. I know about the situation in Leduc, and we hope to be able to do something there, if not this year, at least next year.

Mr. CARDIFF: From time to time I have had requests for extensions of rural mail routes in my riding. I go to the Post Office Department with these representations and receive a courteous hearing, but nothing is done about the matter. I am very glad to learn tonight that the Post Office Department is in such a healthy financial condition, because it means that one of two things must be done; either the service must be extended, or the cost of the service must be reduced. Would the minister state whether there is any intention of extending rural routes, short spurs and that sort of thing, at this time?

Mr. BERTRAND (Laurier): A question asked about one particular place is pretty difficult to answer without our having the files before us; but I can state, as a matter of principle, that we are going to extend the rural routes in different places where they should be extended, according to the regulations of the Post Office Department. For some time we have not been making extensions, and when I recently announced the all-up service by plane, I stated at the same time that we would be ready to establish and extend more rural routes.

Mr. LENNARD: I want to make an appeal to the Postmaster General which has been made before, namely, that he consider reducing the postage on overseas relief parcels. I have been under the impression during the past several sessions that the major portion of that charge was for conveyance of the parcels overseas. In a recent letter from the department I was instructed that twenty-five per cent of the nominal $2.50 was charged on a regular overseas relief parcel for ocean conveyance; the rest is for transportation in Canada. I feel that the Canadian postal department could very well consider reducing that amount. If only twenty-five per cent is being used for overseas transportation then the remainder, seventy-five per cent, of the $2.50, could very well be reduced. Like one other hon. member who spoke a few moments ago, I am speaking for myself on this matter. I send parcels overseas and I want some relief. This is a matter that the Postmaster General should seriously consider, and reduce the postage on the overseas relief parcels.

Mr. KNOWLES: I wonder whether the minister would make some further comment about letter carriers and other post office employees. I have been interested in listening to the remarks about service in rural areas, but I should like to direct his attention for a moment to the conditions of those who work in urban areas. The minister may recall that I had some correspondence with him on behalf of employees in Winnipeg who are concerned about the inadequacy of the pay increases which they received recently, and are also concerned about the classifications of letter carriers, porters, sorters and so on.

In addition, I have before me a letter which happens to be addressed to the leader of this group. It comes from one of the associations in Vancouver, expressing the same concern principally about the salary increases that were given recently when other civil service increases were announced. This letter points out, as employees of the Post Office Department in Winnipeg have pointed out to me, that in some cases these increases, long awaited, long anticipated, amounted to only $3 a month. The suggestion is that letter carriers, for example, surely should be getting for the service that they perform more than the $1,800, which is the amount that some of them receive now; it should be $2,400.

I would appreciate it if the Postmaster General would comment on this whole question of wage conditions and classification of urban post office employees. If it means that representations have to be made to the civil service commission I hope the minister will tell us that he is making these representations just as forcefully as we make them to him.

Mr. BERTRAND (Laurier): I desire to answer the hon. gentleman's question about the letter carriers. The increase which has been given to all the employees is exactly the same, $660 a year since 1939. The reason why letter carriers have not received in the last increase as much as the postal clerks, for example, is that at a certain time a high cost of living bonus was given. The amount of high cost of living bonus which was given was larger for the lower paid employees than for the higher paid. Later on, these bonuses were merged with the salaries, and the differential that existed in 1939 between the postal clerks and the letter carriers was not the same as it was before. There is a certain differential between the postal clerks and the letter carriers which has always existed. When we gave the last increase to the employees we took into consideration the fact that at a certain time between 1939 and today the letter carriers had received, through a high cost of living bonus, more than postal clerks, and this was readjusted. The letter carriers have

contended that the increase was not large enough; but the letters which were received were not complete, because we were accused of giving an increase of only $36 to the letter carriers, while others received, let us say, about $120, if I am not mistaken. But if we took into account all the increases since 1939 it would amount to the same, $660 for everyone of them. We put the facts as they should have been put, and the letter carriers have had to admit that it was just. The letter carriers who were in the maximum bracket received only $36, because they had received a larger bonus than the postal clerks, but the readjustment at the end was $660 for every employee.

By the way I may say it is $180 more for the employees of the post office than for the employees of other departments.

Mr. KNOWLES: Can the Postmaster General give the present schedule of the letter carriers, minimum, intermediate and maximum rates?

Mr. CHURCH: Someone took the floor from me before I had concluded what I had to say. I thought the minister was going to reply to part of what I had to say. I wish to point out to him that the revenues of our city are over $15,000,000. I want to find out what the government is going to do about giving us better facilities in the Post Office Department, a great public utility. Compare your post office, that great utility, in terminal A with the following public utilities: the Bell Telephone Company, the Consumers Gas Company, the Hydro Electric, Eaton's, Simpson's and all these other places where they have modern buildings. We have made no progress since confederation. At the head of Toronto street, on Adelaide street there is an old post office, one of the first buildings erected after confederation in that part of the city. I would not call it a post office. I should like to find out what the plan is for the Toronto district, because with a $15,000,000 revenue you are spending hardly any of it there. What is the program for Toronto? We have terminals A, B, C, D, and all down through the alphabet in the city. I wish to know what they are going to do. They said that they would have at the back of the Toronto post office on Lombard street, Church street, Adelaide street and Victoria street a big public square and dominion building. It cannot be done now. I do not expect that. I do expect to have some place where they can sell postage stamps. The staff are magnificent. They work under poor labour conditions. The minister has done a great deal to improve it. I have said that. He has given holidays, improved labour conditions, and has done things like that.

Another matter I wish to mention is the difficulty of getting postage stamps. With that large revenue, I see no reason why the practice followed in the United States, where they sell postage stamps in the railway trains, could not be followed here. You get off the train coming from Toronto to Ottawa and you cannot buy a stamp at any station. During the time that the troops were demobilized in Halifax and were taken across the country, they had a great deal of difficulty. The civilian population should not have to put up with that in times like these. You cannot buy a postage stamp on the train; you cannot buy one in any railway station in Canada.

Another thing I should like to mention is the airmail service. The average letter dropped in the mailbox goes almost as quickly as an airmail letter out of Ottawa and other places. With regard to the staff in the post office, are the returned men getting the preference in these positions? Will these men get their old positions now that they have come back? In both the first and the second world war the Post Office Department contributed a larger number of men to the service than other public utilities and corporations. These men have to make out application forms, and the wages are not what they should be. It is true they have been increased, but the men have to go to 465 Bay street, where the civil service commission has a finger in the pie, and by the time the soldier gets through running around he is tired of trying to find someone who will give him some information.

One important question I wish to bring once more to the attention of the minister is the fate of the man who happens to steal thirty cents or fifty cents from the post office. The penalty is altogether too severe. We got it reduced from a three-year term after a ten-year fight here. It used to be three years, without any discretion on the part of the magistrate. For a petty offence the employee would be sent to prison and his wife and family would suffer in consequence. I fail to see why these women and their children should suffer when the breadwinner is sent away for three years, now a year in some cases by amendments to the criminal code. I suggest that proper arrangements should be made with the provinces to take care of the prisoner in some better provincial jail, and of the sufferers, the wife and family of any man who is convicted on such a charge.

Moreover, is it British justice to maintain a spy decoy system whereby someone keeps a watch on a man and slips a decoy into his pocket? Is that a Christian principle for our Post Office Department to adopt? I say no, emphatically. It should have been abolished long ago, and I regret to see indications of this sort of thing in our police courts. Such evidence should be ruled out.

We want a more up-to-date act. We are not back in 1867. We want a British North America Act not for the dead but for the living. The Post Office Act was, until about three years ago, almost an exact copy of that of 1868. I do not think it is at all just to sentence a man to one year imprisonment now for a minor offence and have his wife and children thrown upon the municipality. I repeat, there should be some reform in this direction, and a satisfactory arrangement should be made with the provinces as to a proper place for detention.

There are many other matters that I should like to touch upon, but I have not the time tonight to deal with them. Among these I might mention money order transactions, the line-up at the post office, the length of time it takes to get service, the Canadian parcel post and so forth. Then there is the question of the post office savings bank. That used to be an important function and, with the penny bank being abolished, I hope this particular service will be improved. I would also point out the delay in collecting airmail from the boxes. In some of the post offices there are special receptacles for airmail letters. I hope there will be an improvement in the mail boxes. There is also the question of inspection service. As far as that is concerned, the sooner we abolish the notorious system, which is worthy of Hitler, of trying to induce someone to steal a letter and then penalizing him, the better.

There is also the equipment supply branch to be considered. I suggest that we need a house-cleaning in the city of Toronto, whose contribution, as I have pointed out before, amounts to $15,000,000.

Lastly, I would urge upon the minister that everything possible be done to improve the conditions in the Post Office Department in so far as they affect the returned man. He does not get his job back from the post office, notwithstanding that a law was passed, which was enforced by the deputy minister of labour, calling upon large corporations to give returned soldiers the identical jobs they had before they joined up, or some other occupation suitable to them. That has not been carried out so far as the Post Office Department is concerned. Promotions should also be looked into for the returned men. I do not think the civil service commission knows much about it. The Post Office Department is one public utility which the Canadian people support and everyone likes to see the postman making his rounds. The children like to see him. I trust, therefore, that improvements will be made in the various directions I have suggested.

Mr. LENNARD: The Postmaster General was about to give me a partial answer to my question regarding overseas parcels when some energetic member jumped up and prevented it. Can he give the answer now?

Mr. BERTRAND (Laurier): First, in regard to the postal clerk, the maximum is $2,400, and in the case of the letter carrier the maximum is $2,160. The letter carrier's salary of $2,124 was increased by $36 only, but this $36 makes up what the postal clerk received before.

As to parcel gifts, I might take as an example a parcel of fifteen pounds. The handling at the office of origin costs ten cents; the handling at the exchange office, five cents; land transportation in Canada, sixty cents; Atlantic sea transport, ninety cents; British cost, fifty-one cents. We may receive a parcel of that size in Vancouver and we put it on the sea transport for eighty cents. It costs ninety cents on the vessel and fifty-one cents for delivery of the parcel in Britain, where distances are never as long as they are here. We have to prepay all this, because we have to account to Britain for the fifty-one cents. Of course we have to pay the ship ninety cents.

This question came up quite often during the war and it has arisen ever since, but when we compare what we are receiving with what Britain receives, I do not think we can reduce our receipts for this service in comparison with what Britain receives for the service rendered there. It would be really another gift we would be making in addition to the gifts our citizens are sending to their friends in England, because it amounts to only a small part of our total receipts. For one pound we receive 5, 3, 5, plus 8, or 21 cents; 8 cents of the 21 cents is for transport on the ship, and Britain takes 17 cents per pound parcel. Altogether it is 38 cents. What we charge is only 21 cents, and to reduce that would be simply to make a gift, since we are charging just what it costs us without making half a cent profit.

Mr. LENNARD: The Postmaster General mentioned a fifteen-pound parcel. I understand that the weight of gift parcels is twenty pounds.

Mr. BERTRAND (Laurier): I took the figure "15" because that appears on the table I have.

Mr. LENNARD: Were those figures which the minister gave for a twenty-pound parcel?

Mr. BERTRAND (Laurier): I have not the twenty-pound parcel figures here. My tabulation stops at fifteen.

Mr. LENNARD: What prompted my bringing up this matter tonight was the letter I had from the Postmaster General's office, signed by the Postmaster General himself, in which I was informed, as I stated previously, that twenty-five per cent additional of the postage is paid for the conveyance of the parcel across the Atlantic. I thought that was a small percentage of the whole, and I felt we should probably reduce it to some extent to give relief to the people who were sending parcels to relatives overseas. If the figures the Postmaster General gave me a few minutes ago are on a twenty-pound parcel, they add up—and I have added them up roughly—to $2.16, which is not $2.50.

Mr. BERTRAND (Laurier): The $2.16 applied to the fifteen pounds, and we charge only $2 for that.

Mr. BURTON: I have a question or two I should like to ask, and this is about the only item I can see under which I can properly ask them. Who was responsible for imposing that nuisance tax on the people who make use of post office savings accounts? Some months ago they found themselves confronted with this nuisance tax when they make a withdrawal. I should like to know who was responsible for imposing that tax and what was the reason for it. In withdrawing money from the post office savings account, it is not a matter of issuing cheques on a bank account; because one must appear in person, make his application and withdraw the money there at the post office. He has not the privilege of issuing a cheque against the account, as can be done with a savings account or any other account with a bank. From what I can see, this is only a nuisance, and I should like to know the reason why it was imposed on the people.

Mr. BERTRAND (Laurier): The savings account branch we have in the postal service is not meant to be a bank in the usual sense in which we use the bank here in Canada. If you withdraw money from that by cheque, you pay three cents or six cents, according to the amount of your withdrawal, as you would on any other bank account.

Mr. JOHNSTON: What is the rate?

Mr. BERTRAND (Laurier): The rate is three cents, the same as at any other bank. It is three cents on anything up to $100 and six cents on anything over $100.

Mr. JOHNSTON: When was that impost put on, or has it always been there?

Mr. BERTRAND (Laurier): I am informed that this was put on a few months ago. But it is the amount that is being charged by any other bank in Canada for the withdrawal of money by cheque.

Mr. BURTON: I believe it is more than a few months ago. It must be at least half a year, if not more. But what the minister says is only a partial answer to the questions I asked. In the first place, his answer shows that it is only a nuisance tax. The revenue that it brings in does not amount to anything. As to comparing withdrawing money from the post office with withdrawing money from any other institution that you have money in, you are not in the same position with the post office savings account, because with any other bank account you can issue cheques against it. I have no objection to placing my stamp on any of those cheques. But when the individual must appear in person before the wicket, make out an application for a $50 or $100 withdrawal, and then is subject to this nuisance tax, he must fish around to find three cents to pay that little tax. It is not that it brings in any revenue; and it only results in a nuisance for the post office employees when they are making out the application for withdrawal and in their accounting with regard to the moneys handled in the branch.

Mr. TIMMINS: My plea is for the old fellows in the post office. During the war, as we know, when the soldiers were overseas the older men were brought into the post office and were told that their jobs were simply temporary, that they would have to make way for the returned men when they came back. When the returned men came back, according to my experience, they were given back their jobs, which is only proper and fair. But the old chaps, most of whom were experienced clerks in the urban centres, were kept on for a time. Then, after a while their employment came down to, we will say, four days a week. Latterly they have been getting probably three days a week. Then they have been cut down to four or five hours a day in the city. These men held the fort for us pretty well during the war days. They are mostly men over sixty years of age. They cannot find

employment anywhere else. They are doing a good job in the post office. They are efficient.

My plea to the Postmaster General is that he direct the postmasters in the urban centres such as Toronto to do what they can to keep these men in employment. The post office is doing fairly well financially. We do not want the post office ever to make so much money that we shall have to take money away from it and use it for some other purpose. I would ask the minister that he direct the postmaster in Toronto, where we have a great many of these men—and they have been efficient clerks during the war and since—to give them something more in the way of employment.

One more thing. In Toronto we have a most disgraceful main post office. It is really just a barracks. This does not come exactly in the department of the minister. He does not construct the buildings; nevertheless, he does make recommendations. Our post office may be in the wrong place. At any rate, I worked there as a boy, when I was going to university, and that is a long while ago. It was pretty much a derelict building even in those days. I am hoping that the minister will not wait until some more Liberal members come from the city of Toronto before he gives us a new post office, because that may be a long time.

Mr. BERTRAND (Laurier): We never have those ideas in the department.

Mr. TIMMINS: No, I know the postmaster has not. But then, of course, he is only one in the cabinet. He cannot have it all his own way. I hope that this year, now that we have expanding revenues, he will tell the cabinet members, the men on the executive council, that we should like to have a new post office in Toronto, and that we should like it to be number one on the list.

Mr. BENTLEY: I wish to bring up a matter to which I think the minister should give serious attention. Last Christmas at Maple Creek a person was engaged to assist in the Christmas rush. The postmistress there was convicted in a Saskatchewan court of paying less than the minimum wage under the laws of Saskatchewan. The matter was finally brought to the Supreme Court of Canada, and the federal government counsel argued that both employer and employee were in the postal service of Canada, under the jurisdiction of parliament, and that therefore the provincial legislation did not apply to them.

I do not intend to quarrel with the actions of the courts; it is their business to discover what the law is and to apply it. I presume the Supreme Court of Canada was correct in its finding; and the point is that if it was correct something is radically wrong with the administration of any government department that refuses to pay an employee $18.50 a week in this day and age.

The laws of Saskatchewan were made for the benefit of the people of that province by the government duly elected; and if the federal government is not prepared to permit these people to come under the wage laws of that province, then the federal government should see to it that they are paid proper wages, in line with the minimum wages of that or any other province having minimum wage legislation. That amount is certainly not exorbitant.

As I say, I am not trying to blame the postmistress. It was up to her to get the job done, and she was not going to spend any more money than was permissible. But when the court finds that both she and the temporary employees come under the Post Office department—and that is the finding—then the federal department and the administration are responsible for seeing to it that their employees get at least the minimum wage for the work they do.

Mr. BERTRAND (Laurier): As I explained a few moments ago, we have changed the rules. In the revenue post offices today we pay the postmasters fixed salaries, which will entitle them to superannuation, and so forth. The postmaster formerly paid these employees himself, out of his revenue, and at times we found that he was not very generous with them. Since April 1, however, we have changed that procedure, and that was one reason we did so, in order to see to it that the employees are paid reasonable salaries. We also see that the post office is located according to our specifications, so that these postmasters will not gyp us, if that word may be used, in regard to the location. We are going to see that the smaller post offices are located in better quarters.

Mr. McLURE: There are several things I wish to speak about, but I shall leave them until we come to the various items. I notice the vote this year is $71,479,919, which shows a little increase over last year. I hope it will not be reduced in any way until the rural mail carriers are allowed a living wage. This committee is asked this year to vote $59,537,883, in connection with which we are given the details. In addition, the Postmaster General requires a blank cheque for $11,942,036, in connection with which we have not been given a single detail, with the exception of the two words "temporary assistance". That is a tremendous item, which is growing every year.

I believe this committee should have a breakdown, in order to see what that nearly $12,000,000 is for. It is voted from one year to the other, but we never seem to get anywhere in finding out how the money has been spent.

Mr. BERTRAND (Laurier): The amount is high enough, indeed; but if the hon. gentleman would take into consideration the fact that during the Christmas season, in Toronto, for example, we have to obtain over seven thousand temporary employees, and in Montreal around six thousand temporary employees, he would see the reason for it. In every city we require temporary employees at that time of year, some of whom may work for a month and others for shorter periods. To have all those names appear in the estimates would enlarge the book considerably; but all those expenditures are audited. It covers employees who may work for two or four or five days, while others may work for a week or more. If the hon. gentleman emphasized the point I might be able to bring in a list of these employees, but it would be a difficult return to prepare. I do not think that expenditure can be treated in any other way.

Mr. McLURE: That is a satisfactory answer. Never before have we been given any idea of the extent of this temporary employment. Now the Postmaster General has given us some idea, which is quite satisfactory to me.

Mr. BERTRAND (Laurier): In all the city offices we require over 25,000 temporary employees.

Mrs. STRUM: How do you determine the yearly income of postmasters in small villages? Some of them, I understand from some of my constituents who work in these places, must be there all day because of the hours, and they cannot undertake other work. They tell me they can hardly live. Is there any way of putting a floor under the income of these people, or how do you determine what their living will be?

Mr. BERTRAND (Laurier): We have small offices where the revenue is below $100 a year. In those offices the postmaster has the privilege of doing something else. He is generally a restaurant keeper or a storekeeper, and he keeps the post office in his store. But even if a postmaster has a revenue of only $12 or $13 or $15 we pay him a minimum of $120. A postmaster in a very small village who also keeps a store, in which the post office occupies a small booth, receives at least $120, though the revenue may be only $25 a year.

Mrs. STRUM: I am thinking of the man in a place where there are three other stores, who has not the capital to open a store of his own, where there is not room for another grocery store, but who must keep his post office open all day, six days a week. Is there any way of determining what he will live on? How can he go out and work as a carpenter if he has to stay in the post office?

Mr. BERTRAND (Laurier): He must not take a job as postmaster unless that is to be simply a by-product, if I may call it, of what he is going to earn. It must be a man or woman who can keep a little post office in the house or in the store. If he is a carpenter he had better not also be the postmaster.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. FULTON: What is the business for tomorrow?

Mr. FOURNIER (Hull): We shall go into supply of the Post Office Department, hoping that we may make a little more progress; and then trade and commerce, reconstruction and supply, justice, Secretary of State and public works.

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

HOUSE OF COMMONS

Friday, June 4, 1948

The house met at three o'clock.

HOUSE OF COMMONS

APPROVAL OF REPORT OF CIVIL SERVICE COMMISSION RESPECTING REVISIONS IN CLASSIFICATIONS

The house resumed, from May 3, consideration of the motion of Mr. Gibson (Secretary of State):

That the report from the civil service commission respecting revisions in classifications of officials of the House of Commons, laid on the table on Thursday, 29th April, 1948, be concurred in.

Motion agreed to.

DEBATES BRANCH—APPOINTMENT OF MISS M. E. BLACK

Hon. COLIN GIBSON (Secretary of State): Mr. Speaker, I move:

That the report of the civil service commission relating to the appointment of Miss M. E. Black to the position of permanent clerk in the debates branch of the House of Commons, laid on the table of the house on March 11, 1948, be now approved.

In the report from the civil service commission it is stated:

Miss Black as a sessional employee is receiving $7 per day, or $2,555 per annum. A competition was held to fill the position of principal clerk and Miss Black was the successful candidate. In order that she may not have to suffer a reduction in compensation, it is recommended, under section 59 of the Civil Service Act, that position HC-C-88 be exempt from section 13 of the act in order that Miss Black may be appointed at $2,640 per annum, effective from the date of her appointment, such exemption to apply to the appointment of Miss Black only.

Motion agreed to.

MORNING SITTINGS

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That on and after Wednesday, June 9, 1948, until the end of the present session, the house shall meet at eleven o'clock in the morning of each sitting day, and that in addition to the usual intermission at six o'clock p.m., there shall also be an intermission every day from one to three o'clock p.m.

Motion agreed to.

INCOME TAX ACT

REVISION AND CONSOLIDATION

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to revise and consolidate the law respecting the levying of income tax and the administration thereof.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

NATIONAL BATTLEFIELDS

QUEBEC—PAYMENT TO COMMISSION OF $1,000,000 OVER PERIOD OF TEN YEARS

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to amend an Act respecting the national battlefields at Quebec, to authorize payment out of the consolidated revenue fund of the sum of $1,000,000 over a period of ten years from the first of April, 1948, to the commission for the purposes and subject to the provisions of the Act and to authorize the commission to acquire and hold a certain parcel and tract of land therein described.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

FLOOD CONDITIONS

FRASER VALLEY RELIEF AND REHABILITATION COMMISSION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, yesterday I informed the house in connection with the Fraser valley floods that it was the intention of the government to appoint a commission to have supervision over the entire situation, which commission would have on it a repre-

sentative of the government of British Columbia and a representative of the federal government. I am happy to say that the federal government has been fortunate enough to obtain the services of Major General B. M. Hoffmeister as our representative. Hon. members will recall that General Hoffmeister was the officer appointed to command the Pacific forces at the time of the Japanese war. General Hoffmeister will be on loan from the H. R. MacMillan Company, of which he is the vice-president.

I am also happy to announce that Hon. Eric Hamber, former lieutenant governor of British Columbia, has agreed to act on the commission as the representative of the government of British Columbia. These two gentlemen will work together as representatives of our respective governments, and will have the opportunity of communicating directly with the ministers of both governments.

The federal representative on the commission will report to the Minister of Finance, but he will also have direct access to all departments of the federal government. The exact duties of the commission will be outlined more definitely later on.

In connection with the services of the navy, army and air force, General Hoffmeister will be available for consultations with Colonel Snow, commander of the Vancouver area of the Canadian Army, who, under direction from the Minister of National Defence, and with the authority of the provincial government, has been acting as co-ordinator of the agencies fighting the flood. Colonel Snow will remain the military officer in charge, responsible in the ordinary way to the military authorities and to the Minister of National Defence.

Just before coming into the house I received a telegram from Building Products Limited of Montreal, which company apparently has noticed that a commission was being established. This telegram is addressed to the Fraser valley relief and rehabilitation commission. That is the name that was suggested for the commission. It is sent in care of myself and is as follows:

> If material required will be happy to donate five carloads of our roofing and siding products to Fraser Valley relief. All freight charges paid by us to destination.
>
> Building Products Ltd.

I should like to express the thanks of the government to Building Products Limited. Their patriotic example is one which, in all probability, will be followed by many other industrial concerns in our country, and if so, such action will be deeply appreciated.

[Mr. Mackenzie King.]

SUBSIDY ON BUTTER TO BRITISH COLUMBIA

Hon. DOUGLAS ABBOTT (Minister of Finance): May I say a word on a related subject? I was informed the day before yesterday that washouts caused by the recent heavy floods had cut off the rail shipments of butter to British Columbia from the prairie provinces, the usual source of butter supplies for that province. Available stocks of butter in British Columbia, we were informed, were inadequate to meet the requirements of hospitals and many other high-rating claimants. It was suggested that the ceiling should be raised to provide for the added cost of flying in the necessary supplies, but that seemed to be inadvisable, and in order to meet this emergency the wartime prices and trade board have been authorized to pay a subsidy up to six cents a pound, or the difference between the cost of air and rail transport, whichever is the lesser, on butter moved by air transport from Lethbridge, Calgary or Edmonton to the isolated areas of British Columbia. This will enable the British Columbia consumers to continue to obtain butter supplies at prices within the price ceiling regulations.

Mr. FULTON: Mr. Speaker, with reference to the announcement just made by the Prime Minister, and speaking as a member from British Columbia, I know I am correct when I say that all the residents of that province feel that no finer appointment could have been made than that of Major General Hoffmeister. I know that British Columbia will welcome that appointment.

In view of the report as to the extent of the damage amounting to over $30 million, I should like to ask the Prime Minister whether he can elaborate on the statement made yesterday with regard to the extension of financial assistance, and particularly whether he will indicate the basis on which the federal government proposes to extend that assistance —whether on a dollar for dollar basis, or more, or less.

Mr. MACKENZIE KING: May I thank my hon. friend for what he has just said in reference to the appointment of General Hoffmeister. The house I know will feel the same way with respect to the appointment of the former lieutenant governor, Hon. Eric Hamber, who is the nominee of the government of British Columbia. One of the purposes in the appointment of the commission was to afford opportunity of conferring between the representatives of both governments on all matters of importance in relation to flood conditions, in order that the governments might be advised confidentially, before

final decisions were reached, as to amounts of payments and the like. I should be glad to give my hon. friend the information he has just asked for, if I had the facts upon which to base it. The government has felt that it would be preferable to have the whole situation surveyed by these gentlemen in the first instance.

May I say that both the government of British Columbia and our government are in entire agreement about the wisdom of appointment of the commission and its personnel.

Mr. MATTHEWS (Kootenay East): Mr. Speaker, with reference to the statement which the Prime Minister made yesterday and the statement he has made today, may I say that the term "Fraser river relief and rehabilitation commission" has been used several times. Will the Prime Minister give the house an assurance that the financial aid to be given to the province will be used to assist flood victims in all parts of the province and not in the Fraser river area alone?

Mr. MACKENZIE KING: As I have said, one of the purposes of the appointment of the commission is to provide for a survey of the situation. Before the government reaches a decision as to the extent to which relief should be given, we should await the word we may receive from those who are in a position to advise in the matter.

Mr. PEARKES: Mr. Speaker, may I address a question to the Minister of Finance? In view of his statement as to the steps being taken to relieve the butter shortage in Vancouver, are any steps being taken to meet the grave danger of a milk shortage in Vancouver and other coast towns owing to the destruction of herds in the Fraser valley, which is normally the source of supply of milk for that area?

Mr. ABBOTT: I have not had any representations with respect to that matter. I think my hon. friend will appreciate that it would be difficult to fly adequate supplies of fresh milk to meet the situation.

Mr. SMITH (Calgary West): Mr. Speaker, may I ask a supplementary question of the Minister of Finance with reference to butter? When the hon. member for Vancouver North (Mr. Sinclair) left here and went to the distressed area, did he take his margarine with him or did he leave it in someone's keeping?

Mr. ABBOTT: I have no information on that question, Mr. Speaker.

INCOME TAX

FARMERS—NET WORTH STATEMENT—INCOME TAX GUIDE AND ACCOUNT BOOK

On the orders of the day:

Mr. L. O. BREITHAUPT (Waterloo North): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. Since confusion and misunderstanding have arisen in the minds of certain farmers with respect to the 1947 income tax forms and the Farmers' Income Tax Guide, will the minister please clarify the department's requirements with regard to use of these forms and guides.

Hon. J. J. McCANN (Minister of National Revenue): Mr. Speaker, in reply to the hon. member I would first draw his attention to my statement of March 19, which appears in *Hansard*, page 2400, on the subject of the farmers' income tax form, and which deals particularly with the net worth statement appearing on this form. At that time I announced that the department had decided that farmers who report taxable income based on cash actually received and cash expenses actually paid out during the calendar year will not be required to fill out the net worth statement on the new 1947 prairie farmers' or farmers' income tax return. Farmers who report income on an accrual basis for tax purposes will be required to submit a statement of assets and liabilities as heretofore, or to complete the appropriate parts of the net worth statement.

It will be appreciated that under the terms of the Income War Tax Act where the department cannot obtain sufficient information by any other means it may require a further statement which in many instances may actually be "the net worth statement". This would apply, of course, to any year for which sufficient information is not available.

With respect to the farmers' income tax guide and account book which has been provided free to all farmers in Canada, I would like to point out that this book has two main purposes. The first one is to provide the Canadian farmer with a sample book for the purpose of recording his farm income and expenses in such a way as to facilitate the accurate completion of his income tax returns. The second is to answer general and specific questions which the department has found to be most common in its dealings with farmers.

I should add that the farmer is not obliged to use this accounting book. It has been provided free for his convenience and assistance. A farmer may keep, if he prefers, any other form of record which he finds more convenient.

The fact that the demand for these guides has resulted in over 700,000 copies being

placed in the hands of Canadian farmers would indicate that they will be put to widespread use.

Mr. DIEFENBAKER: I should like to ask a supplementary question of the Minister of National Revenue. There is grave doubt about the situation as to farmers' income tax. My question is this: Suppose a farmer in his return for 1948 income fails to give the net worth statement, will he in 1949, if he changes his opinion, be denied the right then to go on the accrual basis in the determination of his income tax?

Mr. McCANN: I think not. I think he would be permitted to make the change from the cash basis to the accrual basis at that time.

Mr. MILLER: May I direct a supplementary question to the Minister of National Revenue? If the farmers take advantage of the permission that is now given not to fill in the form at the top of page 5, will it make any difference to or interfere with the farmer's right to claim to have his income spread over three years in case some years are good and some bad, as he has now under the act?

Mr. McCANN: I will take note of the question and give an answer tomorrow.

Mr. WHITE (Middlesex East): I should like to direct a further question to the Minister of National Revenue arising out of the question asked by the hon. member for Waterloo North (Mr. Breithaupt), and other questions of the same purport. Is it the intention eventually to have all farmers fill out the net worth statement? I do not mean this year or next year, but eventually.

Mr. McCANN: That is a matter of policy which has not yet been determined.

FARM PRODUCTS

REPORT AS TO REMOVAL OF EMBARGO ON LIVESTOCK AND FEED GRAINS TO U.S.

On the orders of the day:

Mr. J. W. BURTON (Humboldt): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Has his attention been drawn to a report in the *Financial Post,* dated June 5, wherein there is forecast the removal of the embargo on livestock and feed grains to the United States? If so, is the report correct?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): Mr. Speaker, I do not always read the *Financial Post.* I did not happen to see the article referred to, but I have heard about it. I dare say the policy of the government will be announced in due course.

Mr. BURTON: Will the minister read the report and inform us later?

Mr. HOWE: I cannot inform the hon. gentleman in advance of an announcement by the government.

IMPORT RESTRICTIONS

KEROSENE-OPERATED REFRIGERATORS FOR MINING AND LUMBER CAMPS AND ISOLATED FARMS

On the orders of the day:

Mr. H. W. HERRIDGE (Kootenay West): I desire, Mr. Speaker, to direct a question to the Minister of Finance. In view of the indignation being expressed by some lumber and mining operators concerning their inability to purchase kerosene refrigerators, and in view of the fact that in some instances in British Columbia men are leaving camps not serviced with refrigeration to work in camps serviced with refrigeration, would the government give consideration to permitting the importation of kerosene refrigerators for purchase only for use in mining and lumber camps and isolated farms not serviced with electrical energy?

Hon. DOUGLAS ABBOTT (Minister of Finance): My hon. friend was good enough to give me notice of the question, and I have been able to look into the situation. I find that the emergency import control division is prepared to consider applications on an individual basis of essentiality in accordance with the hardship provisions of the order, and in fact a number of applications have been approved where supported by certificate from provincial health authorities indicating that it would be injurious to the health of workers if such equipment were not available. There have been a number of applications by companies and others representing that their camp was in an isolated area where electricity was not available and where supplies of provisions can be brought in only once a week, there being in such places 100 persons or more. These applications have been looked into and it has been found that, for example, what was asked for was an 8-foot refrigerator. Obviously it would be physically impossible to store perishables for 100 persons in a refrigerator of that size, and therefore the conclusion arrived at in a number of these cases was that the application was perhaps more for the benefit of senior hired help than for the mass of the employees.

HOUSE OF COMMONS

INQUIRY AS TO SETTING UP OF RADIO COMMITTEE

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I wish to direct a question to the Prime Minister, in the absence of the appropriate minister. In view of the fact that the house has decided today to sit from eleven o'clock in the morning, beginning shortly, is the Prime Minister in a position to advise whether, having regard to recent changes in policy by the Canadian Broadcasting Corporation, the radio committee will be set up during the rest of the present session?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am sorry I cannot give my hon. friend an answer offhand, but I shall hope to be prepared to give an answer on Monday.

NEWFOUNDLAND

REFERENDUM ON FUTURE FORM OF GOVERNMENT

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): The house may be interested in having the latest word in regard to the referendum taken in Newfoundland a day or two ago on the future form of government in that colony. Only nine out of twenty-five districts have complete returns. While incomplete the latest returns for the whole, up to 12.30 today's Newfoundland time, indicate the vote: for responsible government, 65,991; for confederation, 60,147; for commission government, 20,805. Apparently no form of government will have a majority, and another referendum will therefore have to be held, probably some weeks hence, to decide between the two forms, responsible government or confederation.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

POST OFFICE DEPARTMENT

309. Departmental administration, $1,096,287.

Mr. DIEFENBAKER: There are one or two matters, Mr. Chairman, which I should like to bring to the attention of the minister with a view to securing some information from him. The first has to do with representations that have been made to me by postmasters in revenue offices.

For these men and women there are no such things as minimum salaries or hours of employment, holidays or promotion. They render a great service to the people of the country as a whole; they receive their payment on a commission basis, and since they are not classified as civil servants, they receive no pension. According to representations made to me, during the war they worked for a number of government departments without any remuneration, giving assistance in reporting enemy aliens, national registration, the foreign exchange control board, and generally making themselves useful in connection with various activities furthering the war effort. Having regard to the increase in the cost of living, and the surplus enjoyed by the post office department, what consideration has the government given to providing for a 25 per cent increase in rates as requested by these postmasters? Also, what if anything, is being done toward the establishment of a pension plan for them?

Under the present deputy postmaster general, in common with hon. members in all parts of this house I have observed an attitude that I desire to commend. When matters are brought to the attention of the deputy postmaster general, he has been most diligent in his endeavour to remove any cause of inconvenience. I think it only fair to say that; for after all, many of these officials are doing responsible, effective and efficient work. Too often we take for granted what they are doing, and fail to pass on to them and to those who work with them the commendation of the constituents whom we represent in parliament.

What consideration, if any, has been given during the year to the reduction of the postage rate from four cents to three cents, which was indicated last year as a possibility? The matter is one that I think deserves the consideration of the minister, and I feel that the committee should have an explanation with regard to it.

I want to join with the hon. member for Wentworth in the representations he made last evening on a matter to which he has made frequent reference. He asked that something be done to relieve the people from the present high postage rates on parcels sent to Britain to help the people over there. I know of two or three persons in my own constituency who during the last year have sent parcels, to the limit now allowed, to the parents of young men who served in the armed forces of this country and whose acquaintance they made during the war. The minister has had this matter brought to his attention on previous occasions. I know he would have the support of Canadians everywhere were he to make provision to remove, as far as possible, the postage rates on parcels being sent to Great Britain by patriotic Canadians with a view to assisting the people over there to get additional nutritional value in their diet.

On previous occasions I have heard the arguments used in answer to this request. But if the minister could see the letters that one receives from men and women in the lower-income brackets who regard it as a patriotic duty to assist their kinsmen overseas, and who are prevented from being as generous as they otherwise would be because of the high transportation charges, some favourable consideration would be given to the matter. I ask the minister what he proposes to do about it. I know he will say that he realizes the conditions that exist, but that there are administrative difficulties in the way. I say to him: remove those difficulties; give Canadians an opportunity to help their relatives and friends in Great Britain. When they are voluntarily sending parcels to assist people in another part of this commonwealth, it is difficult for them to understand why they must pay a postage rate which is as high or almost as high as the value of the things they are sending. The same argument, of course, applies to patriotic organizations who prepare bundles to assist destitute families in England and who find themselves penalized to a degree that seems scarcely justifiable.

I would like the minister to tell the committee also what is being done about the representations made by the rural mail couriers wherein they point out the unfairness of the present tender system, and urge that the present contract system by tender be discontinued and replaced by a contract system comparable with other similar postal services, under which a definite price would be determined for each individual route, subject to revaluation when made necessary by changes in mileage, number of boxes, and the like.

I shall not go into all the representations which have been made in that connection. The bonus system was merely a temporary arrangement to meet individual cases, though in some of those cases—and I have the records before me—there was an unusual spread as between various applicants operating similar routes. I do not know what would be the justification, but when one finds two routes approximately the same in length, with the bonus in one case greater than in the other, one wonders on what basis it was done.

Hon. ERNEST BERTRAND (Postmaster General): Because the conditions were very different.

Mr. DIEFENBAKER: That may be true, but physical conditions are not always the reason for the difference in these payments.

Mr. PROBE: Political conditions.

[Mr. Diefenbaker.]

Mr. DIEFENBAKER: Certainly some of them seem hard to justify; they would indicate one basis for certain individuals and areas, and another for others. The minister says conditions are different. That explanation may cover the situation generally, but it is something which at the moment I would prefer not to discuss in too great detail. I do think the bonus system, being merely temporary, should be supplanted in accordance with the suggestions made by the rural mail couriers' association, whose representations are couched in reasonable and temperate language, and with a full realization not only of their position but also of their responsibility as servants of this country.

Finally I have one further question. In the appointments to fill vacancies, is the veterans' preference actually being carried out? I should like to know the number of appointments made during the past year, vacancies and replacements, and the number of men and women appointed who have the veteran qualification.

Mr. BERTRAND (Laurier): Last evening we discussed the question of revenue postmasters to a certain extent, but I am glad the hon. gentleman has raised the question again because I want to make a more complete statement. We have been using an antiquated method of paying the postmasters, and in our view it is very unfair in many instances.

Mr. DIEFENBAKER: What method is the minister referring to?

Mr. BERTRAND (Laurier): Payments based on revenue. When I came into the department—I do not say I was responsible for correcting this situation—there were revenue postmasters in what had become large centres of population, and as a result they were receiving much more than they should, though of course there were very few of those. There were some also who should have received more than they were getting. The method of paying postmasters according to the postage sold was not the best, because in certain post offices a great deal of work has to be done in addition to selling stamps. A post office may be a distribution centre for rural mail, or may distribute mail to other post offices, and in that case the work is much heavier. So we decided to change that system, and have been doing so since April 1. Of course it involves a great deal of work, and we cannot change it all at the same time.

Mr. DIEFENBAKER: What is the change?

Mr. BERTRAND (Laurier): We are putting them on straight salary according to the importance of their office. We are also taking it upon ourselves to see that their employees, if they need employees, are properly paid. We do not now leave this to the discretion of the postmaster, because sometimes they may pay a little less than they should, and we want the employees to be properly paid. There was a case in Saskatchewan in which an employee of a revenue post office was not receiving the minimum wage under provincial law. That employee, though working in the post office, was not directly employed by us. Such cases will not occur in future.

We have also received representations from many quarters asking us to extend the right of superannuation to these employees. We could not do that when they were paid according to the revenue received from the sale of postage, but now we have submitted to treasury board a plan under which those employees will be brought under superannuation.

Mr. DIEFENBAKER: What is the plan?

Mr. BERTRAND (Laurier): They will contribute a certain amount, as other civil service employees do, and those within a certain age will pay what is necessary in order to entitle them to superannuation under the act so that they may retire at the age of sixty-five and have something on which to live, like other civil service employees. In some cases postmasters have been in office for a long time and are quite old. They may be unable to do anything else, and too old properly to serve the public. In such cases it is very disagreeable to have to tell them they must give up their job to somebody else, without being able to offer them any superannuation. That is one reason for changing the method of payment.

The hon. gentleman spoke about the salaries we are paying. The salary varies, of course, according to the work done in the individual offices. I might add that this superannuation can apply only to postmasters whose offices have a revenue of at least $3,000, and in the case of such offices the salary, as determined at the moment, is to be $1,920.

Mr. DIEFENBAKER: How many post offices are in that position?

Mr. BERTRAND (Laurier): There are 1,385 with a revenue of above $3,000. As yet we have not fixed a figure for post offices with a revenue of less than $3,000. We are studying the matter now, and it takes time to arrive at a definite conclusion.

Mr. DIEFENBAKER: What are the alternative plans the minister is considering in reference to post offices with an income of less than $3,000?

Mr. BERTRAND (Laurier): There are some small post offices where the revenue is not $100, and it would be difficult to provide superannuation for a postmistress in charge of such a small office. We are working to see to what extent we can do this, but we cannot say exactly what we are going to do.

The hon. gentleman asked me about the three-cent and four-cent rates of postage. In both cases there is a one cent tax. That is not charged by the Post Office Department, although the department benefits from any surplus. That tax could not be eliminated except by action of the government. Expenses have increased considerably. Salaries to our employees have been increased by $660, and we are paying more to the rural mail contractors, railway clerks, and so on. We could hardly recommend to the Minister of Finance that we return to the three cents and two cents postage when costs are what they are.

In the United States immediately after the war considerable pressure was put on the government to return to the pre-war postage rates of three cents and two cents, the same as we had before the war. The airmail rate was reduced from eight cents to five cents, and they reduced other rates. The result was disastrous. At the end of the year they had a deficit of $442 million, and the President sent a message to congress asking them to try to find some way to make up this deficit. If we reduced our rates in Canada it would mean a loss of revenue of between $11 million and $14 million in first-class letter rates. We are trying to improve service by providing all-up mail service on July 1 as an experiment. Through this service we shall be able to deliver mail in Canada just as quickly as though we were a small country only 150 or 200 miles long. It will be an experiment, but I am quite sure it will work. We have to admit that we are experimenting. We would not be able to recommend elimination of the one-cent tax.

Mr. DIEFENBAKER: Is the revenue from that one-cent tax shown under the heading of taxation, or does it go into the revenues of the Post Office Department?

Mr. BERTRAND (Laurier): It all goes in the same pot. We return all our revenue to the consolidated revenue fund, and it is counted in any surplus there may be. It might be diverted to national revenue, but it all

goes into the consolidated revenue fund and then we draw on that fund according to what is voted here.

Reference was made to the high postage rates on gift parcels to Great Britain. According to our figures, only five per cent of the British people are receiving gift parcels. We are not making any money out of these parcels, as we charge only for our out-of-pocket expenses. The largest parcel that can be sent is twenty pounds, but small parcels of five pounds or so are sent quite often. The cost on these parcels is high. The total postage is 85 cents, but we have to pay 38 cents for sea transportation and 27 cents to the British post office for handling and delivering there, which leaves us 20 cents as payment for transporting a parcel, say from the west to Halifax.

If the present rates were reduced it would mean that we would be paying a subsidy or making a donation to individuals instead of to the people as a whole.

As I say, only about five per cent of the British people receive gift parcels because they have friends or relatives here. We have the greatest sympathy for the people in England. I have friends there to whom I send parcels once in a while. I may say that my deputy minister is going to Britain in a few weeks to discuss certain matters, and this question of parcels will be one of them. It may be that the reduction could be made on the other side instead of here, and that would help the people who are sending parcels.

Mr. DIEFENBAKER: Has any request been made of the United Kingdom government that they forgo the charges they make for transmitting these parcels in Britain?

Mr. BERTRAND (Laurier): Yes, the United Kingdom authorities have been asked to do that.

Mr. MILLER: How do these rates compare with those charged on parcels for the troops during the war?

Mr. BERTRAND (Laurier): During the war we did not have to pay the steamship companies anything for the distribution of these parcels, because it was done by the army.

Mr. MILLER: The rate was quite low, was it not?

Mr. BERTRAND (Laurier): It was twelve cents a pound, and on a twenty-pound parcel the rate was ten cents cheaper than our present rate.

As to the tender system, the hon. member for Lake Centre indicated that it might be dangerous to leave the fixing of the rates to the department alone. Tenders have always been called for. Of course there will always be certain persons who are willing to accept a lower price because they are in a position to do it. Perhaps they are carrying merchandise as well as the mail, or carrying passengers. Some of them run taxis. If we attempted to fix a standard price there would have to be as many standard prices fixed as there are railway freight rates, because the routes vary greatly as to number of boxes, difficulties of the road, and so forth. One contractor might be getting on in years and be glad to carry the mail to earn a little money. Another man might be the father of a large family and would require more remuneration. I am quite certain that if we fixed a rate the department itself would be the loser and very few people would gain by it.

During the war, because the cost of living was going up, we had to grant bonuses and supplements, but supplements were granted only on the merits of each individual case, where it was absolutely necessary to increase the amount. When we compare the number of cases in which supplements were granted with the number of cases in which it was necessary to ask for tenders because, for example, of the death of the contractor, we find that the proportion was 36 per cent in the one case and 39 per cent in the other. The tenders were about three per cent higher.

I could not say offhand just how many veterans we employed last year, but we make it a rule in the department to give the veterans the preference, and we go a long way to help the veteran. Many temporaries were taken on during the war and served in the department for five or six years; some were replaced as the veterans came back, but there are temporaries still in the service. I could get the figures my hon. friend asked for.

Mr. DIEFENBAKER: I wish the minister would.

Mr. BERTRAND (Laurier): I shall do that with pleasure.

Mr. MATTHEWS (Brandon): I was unable to be present during all the discussion on postal matters, and perhaps the point I have in mind has already been dealt with. I wanted to bring to the attention of the Postmaster General one class of employees in the postal service who I think are worthy of the best possible consideration; I refer to the railway mail clerks. They have the hardest of hard work. Their hours are about the worst of any group in the civil service. The

work is often exceedingly dangerous. It is wearing on the nerves, as we all know, and often these employees come to the verge of a complete breakdown. They have day runs, night runs—all kinds of runs except home runs; because their home life is completely broken into. Their facilities for getting meals are most inadequate. They have in their custody registered mail, and that tends to worry them. If something has not been done already for this class of employees, I trust that it will be done. I should also have mentioned that their work is done in a rush, because they have to be ready with the mail at each trainstop; they are on edge all the time. I would like to see these conditions recognized financially and otherwise by the department.

Mr. BERTRAND (Laurier): The railway post office employees are the highest paid class in the department, and whenever these positions become vacant, employees in other branches are glad to take them, because it is considered as a promotion.

Mr. PROBE: I would like to have a statemen from the Postmaster General as to what his department has done in cutting down the rather top-heavy subsidy that has been paid for some time by the Post Office Department with respect to newspapers and periodicals in the second-class mailing group, where there is a mailing rate of one and a half cents a pound. This matter was taken up by me last year. At that time I had the support of the hon. member for Comox-Alberni. I am hoping that the minister will be able to make a statement indicating that some change has been made in the policy.

I want to remind the minister that last year I asked him a question as to how we stood financially with respect to the handling of newspapers and periodicals by the Post Office Department. In reply to my question he said that the loss in handling was estimated at $7,287,400 per annum. Even the Postmaster General must admit that a subsidy of that kind to people who I think could get along quite well without it makes quite a dent in the otherwise excellent service which his department can provide. Newspapers, which are the biggest recipients of the subsidy involved in the charge made for second-class mail matter—including newspapers, as the hon. member for Winnipeg North Centre says, which consistently decry subsidies for what I would call humanitarian purposes—are permitted to sell advertising up to fifty per cent of their total space and still remain within the second-class field. I think some change should be made in that regard. They definitely receive large revenues on the sale of these advertisements. On top of that they receive a subsidy which in effect amounts to approximately one-tenth of the minister's estimated revenues for the year just ended, 1947-48. That is quite a big contribution from the rest of the Canadian citizens to this one service which is handling and distributing second-class mail matter. The department, by efficient management, did have, according to the budget report and the estimates that are before us, in spite of this big concession, a revenue of approximately $8,010,000 in 1947-48. By requiring the newspapers to pay the exact cost of providing these services, the department could have had a revenue for the past year of some $15,300,000 net, as I calculate it. I do not think the minister will quarrel with the way in which I have built up the figures to indicate that, had they paid their own way for all these services, the net revenue to the Post Office Department would have been over $15,000,000 instead of the present estimated one of $8,000,000. We would have almost doubled our net revenue had a different policy been implemented by the Post Office Department with respect to the charges on newspapers and periodicals. Had that been done perhaps the Postmaster General could have subsidized these relief parcels which have been mentioned by quite a number of hon. members in the house, food parcels for overseas, or he could have given a 25 per cent increase in pay to post office employees all across Canada instead of the timid increases which were mentioned last night by the hon. member for Winnipeg North Centre.

As a matter of fact I believe the minister has received representations almost annually from organized groups of letter carriers to the effect that second-class mail matter be handled by the corporations which send them out through postal channels. I hold in my hand a resolution from the federated association of letter carriers, the final paragraph of which reads as follows:

> Be it resolved that the delivery of individual magazines, periodicals, newspapers, catalogues, et cetera, by letter carriers be discontinued, and that said magazines, newspapers, periodicals, catalogues, et cetera be delivered en masse to news depots or duly authorized agents appointed by the publishers of said magazines, newspapers, periodicals, catalogues, et cetera.

I appreciate the reason why the letter carriers take that stand. In my own city, when one gets off the pavement in the early spring of the year and on that South Saskatchewan gumbo, a pretty husky man or woman could get stuck with the load that these people carry when they go out on their routes. It seems to me that it is time the minister seriously contemplated a complete revision either

of the rates or of the service in connection with second-class mail matter. I would appreciate a word or two with respect to that general subject.

Mr. MATTHEWS (Brandon): I listened attentively, but I must admit I did not hear the observation of the minister a while ago. I should like to know what he said. Sitting here I could not get it at all.

Mr. GIBSON (Comox-Alberni): It is not very often that I have the opportunity of supporting suggestions made by the hon. member for Regina City, but this subject has been a kind of pet interest of mine. I would be much interested, in a matter of this kind, to hear the views of the Progressive Conservative party. This is a matter of great concern. It is a tangible way in which we might save a little of the taxpayers' money. If a change were made here we might cut some of the expenditures of government. Surely there should be some way in which we could rectify the situation.

I understand that we have to carry newspapers. I am all for the broadcasting of proper information to the public. I think everyone would be willing to carry, out of our revenues, a necessary service of this kind, but there should be some limit to it. Newspapers published in Montreal or Toronto, for instance, are carried all the way out to Vancouver. As a matter of fact my pet peeve against these papers has been that they carry very little actual news or factual material, and we could get along very well without them. In fact the publishers in Vancouver complain bitterly that Little Orphan Annie arrives out there via the Toronto *Star Weekly* or the Montreal *Standard* on Tuesday, three or four days ahead of the time that cartoon appears in their papers, and I do not think that is a fair practice. It is not fair to a good newspaper like the Vancouver *Sun* or the Vancouver *Province,* which rarely gets down to this part of the country except in the parliamentary reading room. This is just one more instance of all the people subsidizing the manufacturers of news in Ontario and Quebec.

I would ask the minister to give some explanation as to why there is not some limit in this matter. I hate to have the thought in my mind that there is some kind of intangible or subtle blackmail, as it were, perhaps unconscious, on the part of the newspapers. But the fact remains that neither the Liberal government nor the Conservative government when in power—and I doubt whether the C.C.F. would change this, although it would be interesting to hear what the attitude of the hon. member for Regina City is—has done anything about the matter. It has always seemed to me that there was something that somebody was afraid to do anything about. I would be interested to hear the minister's explanation.

Mr. BERTRAND (Laurier): First, in answer to the hon. member for Brandon, I said that railway clerks in the post office were the highest paid employees in the department, and whenever a vacancy occurs there are always many other employees who wish to get into that branch. If they are successful they consider themselves promoted. I will not say why they like to travel, but I suppose they have good reasons.

As regards the deficit on newspapers and periodicals, which this year is $7,500,000, I admit it is a large amount, but the rates are fixed by parliament and are not under the jurisdiction of the Postmaster General. I admit that they are not reasonable, but they were created through the years when the newspapers were not of their present bulk of 30, 40 or 50 pages.

Mr. NICHOLSON: When was the act first passed?

Mr. BERTRAND (Laurier): I do not remember offhand.

Mr. KNOWLES: None of us were here.

Mr. BERTRAND (Laurier): In 1932, I am informed. Today the newspapers are heavy. We gave them the privilege of paying one cent and something—

Mr. PROBE: One cent and a half per pound.

Mr. BERTRAND (Laurier): That is right, for the full poundage of the newspaper, provided they did not publish more than 50 per cent of advertising. I maintain that in the department we are very fair, because, although the law provides that it shall be 50 per cent, it is sometimes difficult to determine a just pro rata, and we start to count at 54 per cent instead of 50 per cent.

I understand that when this arrangement was established it was a good thing for the people receiving newspapers, but today there is a change. For one thing, the radio provides people in the country with a good deal of news, and the different political parties have since begun to broadcast and are teaching many things to certain provinces—

Mr. KNOWLES: Hear, hear.

Mr. BERTRAND (Laurier): —with results, I must admit, in certain cases. There is also the privilege of sending free the speeches that are made in this house, which is taken advan-

tage of to a large extent. As I say, I admit that the deficit of $7,500,000 on newspapers is too high.

Mr. PROBE: That is right.

Mr. BERTRAND (Laurier): We are looking into the question. As a matter of fact, a newspaper representative came to us and made a certain offer which I will not disclose now since we are studying it at the moment. The deficit attributable to the dailies is only $1,500,000, the other $6 million being created by other publications and magazines. In Canada we are in a rather peculiar position. We receive many more American magazines than we ourselves deliver to the United States, and this of course accounts for a certain part of the deficit.

Mr. PROBE: You had better start saving foreign exchange.

Mr. BERTRAND (Laurier): There are international regulations and they cannot be changed by one party for a particular reason without reference to the bulk of the regulations. Some years ago, before my time, we succeeded in getting American publishers to ship to Toronto their publications for Canadian distribution. Those that are to be distributed in Canada are mailed here, so that at least we have a certain revenue in that direction, whereas if they were mailed in New York or some other city in the United States we would lose a larger amount than we do.

The question is a delicate one. Of course people must realize that if the newspapers pay $1,500,000 more the cost of newspapers will be advanced, and instead of two cents it will be five cents for most newspapers. That is coming anyhow.

Mr. KNOWLES: They are all five cents now.

Mr. BERTRAND (Laurier): The question is being studied along with many other matters in the department, and I may say that we are quite studious.

Mr. DICKEY: Can the minister tell the committee whether or not a design has yet been selected for the commemorative stamp to be issued on the occasion of the Halifax bicentenary in 1949, and also what the denomination of that stamp will be?

Mr. BERTRAND (Laurier): A design is being studied by different artists, but one has not yet been definitely chosen. The stamp will be a four-cent stamp.

Mr. DIEFENBAKER: I understand that the United States intend to issue a special stamp in August to commemorate the centenary of peace with Canada. Does the minister, as Postmaster General, intend to reciprocate the decision made by the United States and have a similar type of stamp issued by Canada?

Mr. BERTRAND (Laurier): Mr. Chairman, any question about philately is always a delicate one. Indeed, there are many more philatelists in the world than I ever dreamed of before I became Postmaster General.

Mr. DIEFENBAKER: They bring in a lot of profit, too.

Mr. BERTRAND (Laurier): Yes; but in the long run, if we granted all their requests, our stamps would be depreciated from the philatelists' point of view. Our stamps have a high value in the world of philately, for the reason that we do not make too many issues. We wait until there is a very good reason.

The stamp commemorating the Niagara bridge, which has been referred to as being associated with the centenary of peace, is not exact from the historical point of view, because peace was signed between Canada and the United States in 1815, whereas the bridge was opened to the public 100 years ago. There has been pressure to have a stamp commemorating the opening of the bridge. This is a private bridge, and it would be helping a private organization in its publicity. I was not Postmater General at the time, but a few years ago the city of Vancouver celebrated its centenary. Many people are of the opinion that we should have issued a stamp on that occasion, and I would suggest that to issue a stamp commemorating the centenary of the erection of this bridge, in view of the fact that we did not issue one to mark the foundation of Vancouver, would not be fair. Of course the United States issue many more stamps than we do, but their stamps have not the same value from the philatelic point of view.

Mr. DIEFENBAKER: Does this all add up to the fact that, after so many words, the Postmaster General does not intend to issue such a stamp?

Mr. BERTRAND (Laurier): I must say it was a diplomatic way of saying no.

Mr. KNOWLES: I should like to ask the Postmaster General what are the regulations and the practice with respect to stamp meters. Some letters are put out metered without anything else on the letter but the stamp itself. But sometimes there are little slogans or designs that go along with the meter. I have in my hand an interesting one that was given to me a little while ago. It was put out on meter number 140,287. The letter was mailed at Montreal on March 30, 1948. The amount

of postage paid was four cents. The slogan that is printed as part of the cancellation stamp reads as follows: "Free enterprise means good living. Keep it alive."

Mr. GIBSON (Comox-Alberni): There should be more of that.

Mr. KNOWLES: I was fairly sure that that slogan would receive endorsement in most parts of this house, but the enthusiasm shown by my hon. friend simply supports my contention that it is a political slogan.

Mr. TIMMINS: The hon. member just made it up.

Mr. KNOWLES: I did not make it up at all. It is stamped on the letter by the post office metering machine.

Mr. TIMMINS: The hon. member is making it a slogan, though.

Mr. KNOWLES: It is stamped on the letter.

Mr. TIMMINS: Why does the hon. member not adopt it?

The DEPUTY CHAIRMAN: Order.

Mr. KNOWLES: Is it the policy of the Post Office Department to put out slogans from time to time? If so, I should like to offer some suggestions. For instance, next week, how about "Humanity first"; or "Make this your Canada"; or "Production for use and not for profit"? Or maybe my friends to my right have some slogans to suggest.

Mr. LENNARD: They will speak for themselves.

Mr. KNOWLES: Yesterday the hon. member for Calgary West gave an interesting one: "Yale, Yale, the gang's all here!"

This may be amusing, Mr. Chairman, but it is also serious. I should like to know just where the line is drawn in the matter of the slogans that go with these meters. Is the slogan put into the meter which a firm may rent from the post office, or may a firm rent one of these meters and put in any slogan it wishes? If the latter, I still think that either some line should be drawn or we down at Woodsworth House should be allowed to rent a meter and put in any slogan we wish to use.

Mr. JACKMAN: Where is Woodsworth House?

Mr. KNOWLES: Woodsworth House is the C.C.F. national office at 301 Metcalfe street, here in Ottawa.

Mr. FULTON: That is where they sing the Red Flag.

[Mr. Knowles.]

Mr. KNOWLES: Not at all. When a slogan is put out in this way, it gives the people who receive it the impression that there is something official about it. I should be glad to have the Postmaster General's comments on this matter.

Mr. BERTRAND (Laurier): May I have the envelope to which the hon. member referred?

Mr. KNOWLES: Yes; I shall be glad to send it over to the Postmaster General.

Mr. ISNOR: Perhaps when the Postmaster General is answering the question asked by the hon. member for Winnipeg North Centre he will also explain why the post office favour the use of postal meters. It is because of the time saved to the employees, and also the splendid service given by free enterprise and those who are willing to buy these meters at a fairly substantial amount, paying $100 in advance. Instead of going in and buying a few stamps at a time and taking up the time of the vendor, they buy $100 worth at a time, get a receipt, and their register is shown at that amount. They continue to use it day after day until they use up that amount; then they go back for a further large amount, and their money is deposited with the Post Office Department. I think it is a splendid method of saving time both for the employer and for the Post Office Department. With regard to slogans, I may say that I use one of these machines and I have a slogan. I advertise that great Atlantic port, Halifax. The stamp is marked, "Halifax", and underneath it "That great Atlantic port". I also speak of a fine brand of clothes and carry a slogan about them, but I have a slogan too which helps Halifax.

An hon. MEMBER: Isnor's "Fit-U clothes".

Mr. BERTRAND (Laurier): We allow corporations to rent or buy meters, and our duty is to see that we are not defrauded of our revenue in any way. We see to that. Some of the corporations like to have a motto like this one, "Free enterprise means good living; keep it alive." Others would like some other one. As long as those mottoes are not indecent or insulting, and so on, we have no objection.

Mr. GIBSON (Comox-Alberni): If they insult your intelligence, is that all right?

Mr. KNOWLES: Question.

Mr. BERTRAND (Laurier): Intelligence is so different in different people that I can see why, for instance, a son-in-law does not agree with his mother-in-law. But I must

tell the hon. gentlemen that we also have slogans which are asked for at different times. We are scribblers to a certain extent in the department. Now that this has come up, I must admit that this week a certain political party in Quebec asked to have this slogan put on their letters: "Vote Liberal."

Mr. MacNICOL: Right on the envelope?

Mr. BERTRAND (Laurier): Much to my disappointment I had to say no; I refused to allow it.

Mr. MILLER: You might insult their intelligence.

Mr. BERTRAND (Laurier): Yes. Of course, these meters serve a useful purpose. They save a great deal of money to people who send out a large number of letters, having regard to the amount of labour involved. Stamps do not have to be put on the letters. If even the Progressive Conservative party want to use a meter and put on something which is decent, and which is according to their orthodox thinking—if it can be called orthodox—we have no objection to it.

Mr. KNOWLES: Just in order to have the regulation clear, do I understand that when the Post Office Department rents a meter—and incidentally I support the statement made by the senior member for Halifax that this is a good idea—to organizations or corporations, they must submit a proposed slogan to the department in all cases, or are they free to put in anything they wish?

Mr. BERTRAND (Laurier): They are free to put in whatever they want to, but if it so happens that we do not want it, it would be too bad for the organization that is submitting something which we cannot permit.

Mr. JOHNSTON: Does the department have to pass on these slogans before they are accepted or put into the machine?

Mr. BERTRAND (Laurier): No. But if something indecent were to come out, we would intervene.

Mr. NICHOLSON: I am not quite clear on this. I understood the Postmaster General to say that he turned down a request from his own province to vote Liberal.

Mr. BERTRAND (Laurier): It was for a slug.

Mr. NICHOLSON: Was it because that was an indecent statement to go on the letter that the request was turned down?

Mr. GIBSON (Comox-Alberni): It was too political; that is all.

Mr. NICHOLSON: I think we should have this matter clarified. I understood the minister to suggest that if the Progressive Conservative party wanted a slogan, it would be quite in order, but that he had to turn down a similar request from his own party in Quebec. I think the idea of boosting Halifax or Vancouver or Edmonton is quite worthy—

Mr. BERTRAND (Laurier): We allow those things.

Mr. NICHOLSON: And I think they are quite worthy.

Mr. BERTRAND (Laurier): But when an election is taking place in a province or in Canada it would be improper for the Postmaster General to permit anything which would refer to one party as against another.

Mr. NICHOLSON: Elections are being fought, or are about to be fought, and it seems to me hardly the thing to have business firms and other organizations carry on political activity by putting in a plug for free enterprise, or trying to discredit views they do not support, at the same time creating the impression that this is the official party of the government of Canada, which at the moment happens to be a Liberal government. In a few years we may have a C.C.F. government, and it would be hardly cricket for any political party in power to sanction the use of slogans on these meters in support of one political party and in an attempt to discredit others. So I think this policy should be reviewed by the Postmaster General.

Mr. MILLER: I have just one question, which may have been cleared up, on the matter of this reduced rate on air mail. Suppose an airmail letter is sent to my own city of Portage la Prairie, for instance, where the planes do not land. That letter would be taken to Winnipeg and sent by train to Portage la Prairie. Would the same rate apply?

Mr. BERTRAND (Laurier): Yes.

Mr. MILLER: Even though it was not taken all the way by air mail?

Mr. BERTRAND (Laurier): The public need not worry about that. We will send the mail by plane at the same price wherever we can gain time.

Mr. HERRIDGE: I should like to ask one or two questions; I have looked through *Hansard* and have not seen them dealt with, though I have been out of the chamber for some time today. I am not clear as to what post offices are to come under the civil service. I am very much interested in that question. I have objected strenuously, as have many of

my constituents, to men who were operating quite successful companies and receiving fair remuneration also acting as postmasters, spending a great deal of time away from the post office and letting their wives or some other employees do the work for a very small remuneration. So I should like the minister to tell us exactly what type of post office is coming under the civil service.

Then the Department of Labour informs me that employees of a rural postmaster come within the terms of the Unemployment Insurance Act. I should like to ask what the Post Office Department does to see that rural postmasters comply with dominion laws.

Mr. BERTRAND (Laurier): Post offices with revenue of $3,000 and up will now come under the civil service, and these postmasters are asked to spend all their time at that job. It has not been decided as yet whether post offices with revenue of less than $3,000 will come under the civil service. As to the unemployment insurance, this is a matter which must be looked after by the contractor.

Mr. HERRIDGE: The Postmaster General did not quite get my question. I was referring to employees of rural postmasters working in post offices.

Mr. BERTRAND (Laurier): The arrangement is similar.

Mr. NICHOLSON: The Canadian National Railways, operating about sixty per cent of the railway mileage in Canada and employing about sixty per cent of the railway personnel, has never been able to get its full share of the post office business. Could the Postmaster General report what percentage of the amount paid out last year went to the Canadian National and what percentage to the Canadian Pacific, and could he also tell us what prospect the Canadian National has of getting its sixty per cent share as soon as possible?

Mr. BERTRAND (Laurier): We do not distribute the postal bags according to the miles served by the two railways. We send the mail by whichever railway is more convenient. I am not sure, but it may happen that the Canadian Pacific passes through an older section of the country, and must receive a little more. I do not know exactly; I have never calculated who gets the larger share.

Mr. NICHOLSON: The Canadian National provides equally good service between Winnipeg and Toronto, Winnipeg and Vancouver, and Montreal and Vancouver; and if the Canadian Pacific is getting more than its fair share of the revenue I should imagine it would be easy to divert some of that mail in order to ensure that each company gets its fair share.

Mr. LENNARD: They never arrive on time.

Mr. NICHOLSON: My hon. friend had better not say that in any part of Canada served by the Canadian National, because they are very proud of the service they receive.

Mr. BERTRAND (Laurier): Some officials of the Canadian National have complained in this connection. We have asked them to come and look at the figures, and if they were ill treated we would see what could be done.

Mr. NICHOLSON: Has the minister the percentages paid the two companies?

Mr. BERTRAND (Laurier): They are paid according to the work done, and the work is given to whichever company serves the greatest population.

Mr. NICHOLSON: If the minister would just give us the percentage of the revenue going to each company we could see the position.

Mr. BERTRAND (Laurier): Last year the Canadian Pacific were paid $4,177,000, and the Canadian National, $3,756,000.

Mr. NICHOLSON: I do not think that is satisfactory. In view of the fact that the Canadian National has more mileage and more employees, there really is no justification—

Mr. BERTRAND (Laurier): That is not the point. The point is whether they serve as large a population.

Mr. NICHOLSON: They both serve Toronto, Vancouver, Montreal and the larger centres, so that I think the time has come when our publicly owned railway should get at least fifty per cent of the amount the Post Office Department pays the railway companies in Canada.

Mr. BERTRAND (Laurier): We have asked the officials of the Canadian National to discuss this matter with us, but so far they have not come. We want to serve the people in the best way possible. We do not care whether it is done by the Canadian National or by the Canadian Pacific. As a member of parliament, I can appreciate that the more we can give the Canadian National, the more it will benefit that railway, which badly needs additional revenue. It goes according to the number of bags collected on the way and the number sent from one city to another.

We cannot discuss the matter very well here, because we have asked those interested to discuss it with us and so far they have not done so.

Mr. NICHOLSON: I have brought up this point year after year. If the officials of the Canadian National have not come this year I am sure it is not because they have not been concerned about getting some adjustment. When those officials have been before committees of this parliament they have told us they have not been satisfied with the percentage of the revenue they have been getting and that they have been negotiating for a larger percentage. As a taxpayer in Canada, the Postmaster General is concerned about the financial position of his own railway; and I think it is not unreasonable to ask that the Canadian National, our own railway, should get at least fifty per cent of the revenue. I am not asking that we should discontinue mail service to Canadian Pacific points; but the Canadian National has good trains between Toronto and Winnipeg, Winnipeg and Vancouver, Montreal and Vancouver, and so on, and there is no reason why we could not give the Canadian National more money.

Mr. BERTRAND (Laurier): The hon. gentleman is making a point on a question which is very difficult, involving a great deal of study, and which I cannot answer at the moment. We did the reasonable thing; we asked the officials of the Canadian National to discuss this matter with us, and we are waiting for them.

Mr. JOHNSTON: I want to ask the minister a further question about this tax that has been put on the people who use the post office savings department. I should like to ask why the department thought it necessary to impose this tax. This service has been given for a great number of years, and people have been permitted to withdraw money from the postal savings bank without this tax being imposed. Now all of a sudden the Post Office Department decides that it should tax at the same rate as the chartered bank. Why was it deemed necessary? Was it to increase revenue? If so, how much increased revenue has been obtained?

Mr. BERTRAND (Laurier): The savings bank is not a paying proposition, because we lose money in the sense that we give service free. The bank is intended to be exclusively a savings bank, and it is used by many people in far-off places or by foreigners who have confidence in the Canadian government, whatever it may be, and deposit their money there. However, it has been found that certain people are using their post office savings accounts as checking accounts. We think it reasonable that they should pay the same tax that is imposed on anyone who goes to a bank and draws a cheque.

Mr. JOHNSTON: Was it done to obtain increased revenue or to discourage people from using their accounts?

Mr. BERTRAND (Laurier): It was done to discourage people from using this bank as an ordinary commercial bank instead of as a savings bank.

Mr. JOHNSTON: I can see the force of the minister's argument if this tax were imposed only on people who are travelling and use the post office savings bank as a convenience, but I do not think his argument is valid when applied to people in remote places where there is no bank. He is penalizing those who live in outlying districts in order to discourage people from using this bank. It seems to me that in doing this the Post Office Department is forcing people to use the chartered banks. The post office savings bank should be for the convenience of people, particularly those in outlying districts who have not access to chartered banks. I think the revenue the minister will get will be negligible, while the service that could be rendered is considerable. We have got along all these years without imposing this tax, and I do not think we should start to do it when the post office revenue is up so high. It certainly cannot be for revenue, and the only conclusion one can come to is that this is being done to discourage the people from using this service. If that is true, then the proper thing to do would be to close up the service entirely. Goodness knows, we have enough taxes nowadays without having any new ones.

Mr. FULTON: I was speaking the other day about changes in mail services where the railroad provides service only three times a week, but I have another matter I should like to bring up now. This concerns a community which is served partly by bus and partly by rail. The patrons have requested that the mail be carried every day by bus because there is a daily service. I wrote to the minister on behalf of the people of Williams Lake on December 8. I had a reply on December 15 saying that careful inquiry would be made into the matter, but I have heard nothing since that time. From conversation with officials of the department, I understand that the whole question of carrying mail by bus is being investigated. Is the minister in a position to say anything about it today?

Mr. BERTRAND (Laurier): All I can say is that we are studying this question. We hope that we shall be able to render better service in certain places by using bus lines.

Mr. FULTON: Is the inquiry progressing? I have been waiting since the middle of December for a reply.

Mr. DIEFENBAKER: Yesterday afternoon the hon. member for Kamloops brought up the question of salacious and pornographic magazines, and books and other material of that kind. What is the attitude of the department toward the transmission in the mail of material such as that? By whom is the decision made, denying the use of mails to such things as shock one's sense of decency or which may have the direct result of contributing to the delinquency of juveniles?

Mr. BERTRAND (Laurier): Any material from another country is supposed to be censored by the customs department. I know this, because when I was an attorney I had to come and discuss certain points with the officials here concerning exactly what the hon. member for Lake Centre has brought up. If it is domestic we rely, and rightly so, upon the attorneys general of the different provinces. There is a tendency to impose upon the Postmaster General the duties of the Attorney General of Canada, something that I do not like myself. The attorney general is the one to say what is criminal or what should be prohibited. Under the postal regulations we have the right to stop immoral books whenever we find them.

Recently I received protests in connection with the importation of a book which has been sold in large numbers in the United States. I understand that 200,000 copies have been sold at $7 or $8 each. This book is supposed to be immoral because it relates to sex.

Mr. DIEFENBAKER: It is a best seller in the United States.

Mr. BERTRAND (Laurier): I am going to read this book myself, and then I am going to ask somebody else to read it so that I shall not be the only one to pass an opinion on it. We try to do everything possible to stop the distribution of immoral material.

Mr. DIEFENBAKER: I am interested in the fact that the minister is going to look over this book and that he is justifying his doing so on the ground that it is in the interests of Canadian morals.

An hon. MEMBER: His are incorruptible.

Mr. DIEFENBAKER: Then, after he reads it he is going to call in somebody else to read it, so that his will not be the only opinion. I should like to ascertain the degree of exclusion of immoral books or magazines from the mails during the past year. The minister has mentioned that he acts only at the request of the attorneys general of the different provinces.

Mr. BERTRAND (Laurier): I would say it is the duty of the attorney general of the province to see to that.

Mr. DIEFENBAKER: The right to use the mails to transmit money for lottery tickets to another country and to receive tickets from that country has been denied by the Post Office Department. Was that decision made by the Postmaster General in his department, or was it made at the request of the attorneys general of the several provinces? It is difficult, I realize, for anyone to set up as a censor and determine what is good and what is proper. The minister says he has that power, but apparently he relies on the customs department to bar objectionable books and magazines from entering Canada. Of publications produced in Canada, have any during the past year been barred from the mails?

Mr. BERTRAND (Laurier): No. So far as lottery tickets are concerned, there is a section in the Post Office Act dealing with them, and it is easy to determine whether it is an illegal lottery. But it is more difficult to say whether a book is immoral.

Mr. FULTON: I brought this matter up yesterday when the amendment to the Canada Evidence Act was going through. It does seem to me that one of the means by which the circulation of these so-called crime comics in Canada might be stopped would be through denying them the use of the mails. I confess I had not actually looked at one of these crime comics until samples were sent to me by the parent-teachers' association of my own city. Under the guise of some slogan such as "Crime does not pay", they appeal to children, who read them and see in every picture the portrayal of some crime of violence or sexual offence, or something of that kind. The attorney general of the province cannot deny the use of the mails to these magazines, but I think the Postmaster General can. If he would look at one of these books I am sure that he would have no hesitation in saying that is contributes to juvenile delinquency and is therefore an offence under the Juvenile Delinquents Act, and that he can use his power to deny such books the use of the mails. The ones I have seen are printed mostly in Toronto. They are not all brought in from the United States. When the embargo

went on I think the printing of these magazines in Canada increased greatly. I would appreciate it if the Postmaster General would answer why he does not use his power to deny the use of the mails to these magazines in order to remove this threat to Canadian youth.

Mr. BERTRAND (Laurier): Many of these publications go in bundles to the different stores where they are sold. If the Postmaster General had to assume the duties of censor, we should need a lot more employees. Then, in addition, mail matter is secret. We are not supposed to open a sealed envelope. I will look at the publication and refer it to the Minister of Justice, because I doubt my capacity to judge for all the people of Canada. Different people have different standards of what is moral and immoral.

Mr. FULTON: I will send over samples to the Postmaster General. He will see that they are given second-class mail privileges by his department.

Mr. DIEFENBAKER: I should like to carry this matter a little further. The minister has decided, in the interest of the country as a whole, to read this book on the sex life of the male. After he determines that in his opinion it should be denied the use of the mails, what course will he follow? What has he in mind? He must have some objective in mind, because he has told us that the only reason he is going to read it is to find out whether it would be disturbing to the morals of our country. If he should determine that it is, what course does the minister intend to follow?

Mr. BERTRAND (Laurier): The only thing I would be allowed to do would be to refer it to some of my colleagues who could stop the entry of this book into Canada, or cancel its present privileges. It would be very difficult for the Postmaster General to do that. It is a matter for the attorneys general of the different provinces. It is a question which needs to be studied, I admit. Doctor Bates of Toronto drew my attention to the book that has been mentioned.

Mr. MacNICOL: He is head of the health league.

Mr. BERTRAND (Laurier): Yes, and he asked me to do something about it. I shall have to get the book and look at it or ask somebody to look at it for me.

Mr. DIEFENBAKER: You should not delegate that task.

Mr. BERTRAND (Laurier): When I was crown prosecutor I had a storekeeper arrested and we confiscated quite a lot of books he had for sale which in my opinion were immoral. I put in the box a witness who had read these books and he declared them immoral, but much to my surprise two ministers of religion came along the next day and swore that the books were not immoral. I had not read the books myself because I had not time; but the judge, who was a man of sound common sense, said, "I shall read them and decide for myself whether they are immoral". He read them and declared that they were immoral. The books were confiscated and the accused was found guilty.

Mr. HAZEN: I understand that from time to time post office employees are brought to Ottawa from different parts of Canada for the purpose of receiving instruction. Would the minister tell us what the length is of the course of instruction and how many post office employees are brought here for the purpose of receiving instruction? I think the idea is a very good one, and I would like to have more light on it.

Mr. BERTRAND (Laurier): At different times we bring to Ottawa good employees who have been earmarked not only for increases but for promotion, so that they may learn more about the operations of the post office throughout Canada. They stay here for a certain time and then go back to their own districts. The purpose is to give them a broad general knowledge of the operations of the department. We have five classes with ten in each class.

Mr. HAZEN: Has that been going on for some time?

Mr. BERTRAND (Laurier): No; about two years ago we started it.

Mr. HAZEN: With regard to the postage meters that we were discussing, does the department rent them or sell them to different firms? Can the minister tell us who manufactures these machines, and what they cost the government?

Mr. BERTRAND (Laurier): The firms which manufacture them are authorized to sell them to the different people, but we control the operation. The manufacturing firm makes arrangements with the different corporations that are using them, after they have been accepted by the department.

Mr. HAZEN: The department does not sell or rent the machines?

Mr. BERTRAND (Laurier): No.

Mr. HAZEN: The department approves them.

Mr. BERTRAND (Laurier): We see that they do not defraud the treasury. We have been using some ourselves in the different departments. At the present time we are making an experiment to see what the franking privilege is costing the Post Office Department, and we are doing that by installing meters.

Mr. HAZEN: Has the minister found out what it is costing the department?

Mr. BERTRAND (Laurier): I could give these figures to the hon. gentleman. We have rented a few.

Mr. FULTON: To revert to the matter which was discussed a moment ago, under what section of the Post Office Act does the minister find the power to deny certain individuals the use of the mail?

Mr. BERTRAND (Laurier): Section 7 of the Post Office Act, chapter 161.

Mr. FULTON: Has the minister the relevant portion in front of him?

Mr. BERTRAND (Laurier): Yes.

Mr. FULTON: May we have it?

Mr. BERTRAND (Laurier):

The Postmaster General may, subject to the provisions of this act, make regulations declaring what shall and what shall not be deemed to be mailable matter for the purpose of this act.

These are the words under which these publications fall. When we declare it is not mailable matter it is refused.

Mr. JACKMAN: How many permanent and temporary employees are in the service of the Post Office Department?

Mr. BERTRAND (Laurier): As of March 31, 1948, the number of employees under the civil service were 11,134 permanent and 4,182 temporaries. These are in staff offices. The number of employees and contractors amounted to 41,130. At headquarters there were 1,000 employees; in staff post offices 13,593; in district offices, 522; railway mail service, 1,191; revenue postmasters, 11,826; mail services, 12,910.

Mr. JACKMAN: Of the 41,130 employees who are not in staff offices, how many are permanent and how many are on the temporary list?

Mr. BERTRAND (Laurier): I did not catch the question.

Mr. JACKMAN: I want to find out how many employees in the service of the department are on the permanent list and how many on the temporary list.

[Mr. Bertrand (Laurier).]

Mr. BERTRAND (Laurier): In regard to the staff post offices there are 13,593. I gave that figure a few seconds ago. There are 11,826 revenue postmasters. There are no permanent or temporary employees. They are postmasters. We do not consider that they are either temporary or permanent. The same thing applies to the mail services. These are rural mail and so forth.

Mr. JACKMAN: Perhaps I could confine my question to the mail porters and the letter carriers. These are the two classes in which I am particularly interested.

Mr. BERTRAND (Laurier): As of March 31, 1948, 3,225 letter carriers were permanent and 1,208 were temporary. There were 899 permanent mail porters and 549 temporaries.

Mr. JACKMAN: Can the minister give the committee the number of qualified temporary employees who have been let out in order to make way for veterans who have applied for positions and who have the preference?

Mr. BERTRAND (Laurier): It would take a long time to give these figures to the hon. gentleman, and I could not give them here. I would have to go through the files. There are temporary employees who have been on the staff for a few years. We have extended their time in order to give them a chance to pass another examination, because some of them were not successful in the first examination. I may say that whenever there was a qualified veteran for the position the temporary employee had to go.

Mr. JACKMAN: I was wondering how many employees had been taken on in that way.

Mr. BERTRAND (Laurier): Does the hon. gentleman want the figures for any particular year, say 1945, for example?

Mr. JACKMAN: The year 1947 would be satisfactory. Take some year since we passed the veterans preference act.

Mr. BERTRAND (Laurier): I shall have a report made on that.

Mr. McLURE: Are clerks grades 2, 3 or 4 paid the same salary whether they are working in Toronto, Montreal, Saint John or Charlottetown?

Mr. BERTRAND (Laurier): The answer is yes.

Mr. McLURE: They are all paid the same salary?

Mr. BERTRAND (Laurier): Yes.

Item agreed to.

312. Railway mail service, $15,446,980.

Mr. McLURE: A good deal has been said with reference to this. When the minister was before the committee with his bonus bill I made some remarks, and I am not going to make any extended remarks at this time, except to say that this discrimination with regard to rural mail contracts still continues. For instance, a month ago I placed on *Hansard* some of the discriminations with reference to contracts.

Dealing only with the rural mail contracts in my own constituency, I cite the man who has a 16-mile mail route. He gets $1,000, and at the same time the mail courier, driving over a 26-mile mail route, both of them being very much alike, except that the 26-mile route is a little more hilly, receives only $902.50. In other words, he is penalized to the extent of $97.50 for having to drive ten miles further.

I could give parallel cases, but I will mention just one more. In my constituency there is a mail courier who drives a 17-mile route and receives $1,200, while another man not far away, driving a 28-mile route, gets $1,100. In other words, the man who is going the longer distance by thirteen miles is penalized $100 for driving the extra mileage.

That is one thing against the tender system. A few days ago in my own constituency a man who had been driving on a mail contract for fifteen years, having given excellent service, and having received $625, decided that he should get a little more. He took the matter up with the office, urging that he should receive $150 more, but the office called for tenders. When this man saw that there were other people tendering for the contract, he thought he would also put in a tender for $600, seeing that he had the equipment. Somebody else comes in with a tender which is $5 or perhaps $1 less and takes the contract from this man who has given fifteen or sixteen years of service. At the end of another year this man who has tendered at a little less than $600 can get a bonus of $125. This system of tendering is one that should be done away with. I would appeal again to the minister, as I have done before, to have a committee of this house set up to study rural mail problems, so that justice will be done these people. At present they are labouring under an injustice.

Item agreed to.

313. Audit of revenue, money order, postal note and savings bank business; issue of postage stamps and postal notes, $2,105,284.

Mr. JACKMAN: Does the department do its own auditing or does the auditor general come in and do it? Is there just a final check up?

Mr. BERTRAND (Laurier): This is the actual auditing of the different post offices by our employees.

Mr. JACKMAN: Has the auditor general any supervision?

Mr. BERTRAND (Laurier): Yes. The auditor general has the right to come in and audit any of our branches or any of the post offices. This is done at different times in certain places.

Item agreed to.

DEPARTMENT OF TRADE AND COMMERCE

314. Departmental administration, $272,600.

Mr. MERRITT: Surely the minister will be making a statement with regard to the European recovery program and its effect on Canada.

Right Hon. C. D. HOWE (Minister of Trade and Commerce): There is nothing in these estimates having to do with the European recovery program.

Mr. MERRITT: There may be nothing in the estimates directly related to that; but on departmental administration, under the estimates of trade and commerce, with the situation as it is in respect of Canadian trade, I should think the committee would expect a statement from the minister on that subject. He has just been to Washington, and it would be amazing if he had not come here prepared to make a statement on Canada's participation and generally regarding the subject.

Mr. HOWE: I think the facts regarding the European recovery program are well known to hon. members. An appropriation has been made by congress to cover the first fifteen months' requirements. The amount is now being reconsidered. At the moment, I believe, something over $5 billion is the amount of the appropriation for the first fifteen months of the five-year program. Of that, provision is made for off-shore expenditures, perhaps up to an amount of $1,800 million. According to a press statement made within the last two days, Mr. Bissell, Mr. Hoffman's assistant, stated that, from that fund set aside for off-shore purchases, purchasing from Canada was proceeding very well for the reason that Canadian prices are satisfactory to those administering the European recovery program.

Funds allocated to the United Kingdom are at present being used to pay for wheat and

meat products and certain other products that are being shipped from Canada. The program provides that trade will flow through the normal channels. It is not the intention of ERP administration that government buying shall be a feature of ERP, unless government buying of the particular commodity was the practice before ERP came into being.

Funds are being allocated to sixteen recipient countries, and anyone wishing to sell goods to those countries under ERP must approach the countries through the usual channels and have his articles included in the requisition from the country concerned.

The Department of Trade and Commerce has obtained the services of Mr. Sidney Pierce who was formerly our ambassador to Mexico, to head up our ERP organization abroad. He has just returned from Washington and will leave within the next few days for Paris, which is the headquarters of the overseas ERP organization.

I have had conversations with those administering ERP; with all senior officials. Mr. Pierce has recently returned from further conferences with them. We both believe that Canada's position in the program is well established. I do not know that there is anything further that I can add. If there are any questions I shall be glad to answer them.

Mr. JACKMAN: Does the minister mean that the United States has allocated a certain amount of the $5 billion to each of these sixteen receiving countries in Europe and that selling has to be done directly by the supplying countries to those individual recipient countries? Once an order is received by a Canadian supplier, must it be authorized by ERP? Will he explain the procedure? What is the type of products that Canada will be able to supply, not from the standpoint of our ability to produce but from the standpoint of the products being authorized? Will it be raw material products or processed or partly processed products, such as canned goods, that will be sold to the receiving country or to the ERP board?

Mr. HOWE: This list of availabilities that Canada has submitted to the ERP administration was submitted some two or three months ago. A revised list was submitted within the last few days. I have not that list at hand, but I shall be glad to have it here this evening and give any information from it that the hon. member may wish to have. It must be thoroughly understood that the letter "R" in the ERP program stands for "Recovery" and not "Relief". We must all be careful not to regard ERP as a dumping ground for unwanted surpluses. That has been made clear by the administration, and I should like to make it clear in this house. The purchases that will be made will be purchases that the recipient countries require for the recovery program. Machinery will be given high priority. Food, of course, is more in the nature of relief than recovery, but is necessary to recovery in some cases. My present information is that all the food that Canada can produce—that is, staple foods such as wheat, which is the most concentrated, high-protein food in existence—will be required. Fish is more a borderline case. I cannot state definitely about that, although it is quite in order for those interested in selling fish to attempt to sell it to the recipient countries. If they can succeed in having it included on the list, there is a fair possibility that it may be approved. But the general situation is that those who have been selling abroad should continue to sell abroad. If they succeed in getting their material on the requisitions from a particular country, then those requisitions will be "vetted" by the ERP administration. If the list is approved, then the material qualifies for sale under ERP.

Mr. JACKMAN: Does ERP itself place the order?

Mr. HOWE: No. ERP places no order.

The DEPUTY CHAIRMAN: Order. If hon. members will look at page 68 of the main estimates, they will find that the item of departmental administration covers an expenditure of $272,600,000. Then, if they will turn to page 251, they will see a vote for foreign trade services. I believe that the discussions which are taking place now might come under that item, and not under departmental administration as outlined in this item of $272,600,000.

Mr. BURTON: Since this is the first time that the minister has appeared before the committee in connection with presenting these estimates, I think we might be allowed a little bit of general discussion. Like the hon. member for Vancouver-Burrard, I was surprised that the minister did not come before the committee prepared—

The DEPUTY CHAIRMAN: Order. The chair is always in the hands of the committee in dealing with matters of this kind. On the other hand, I think the chair should try to give direction to the members in order to expedite the business of the committee. If it is the wish of the committee to deal with the matter that has now been brought up, it is quite all right. But I just point out the fact

to which I have referred, so that members can decide now whether they want to go on with that discussion or not.

Mr. MacNICOL: In the past it has been the custom to allow on the first item, departmental administration, discussion on almost any item pertaining to the department.

The DEPUTY CHAIRMAN: The estimates are divided into the two parts, as I have tried to point out. If the hon. member will look at page 251, he will find that the expenditure under foreign trade services does not come under the $272,600,000 for departmental administration. However I do not intend to press the point. I will leave it to the committee to decide what they wish to do.

Mr. BURTON: I quite realize that it is necessary for you, Mr. Chairman, in your position, to give direction to the committee; and I shall be quite happy to abide by your decision. But as has been said by the hon. member for Davenport, it is the custom on the first item to have the general discussion. It was along those lines that I had intended to say a few words.

The DEPUTY CHAIRMAN: Then it is agreeable to the committee to discuss this foreign trade matter under departmental administration. Is that the idea?

Mr. KNOWLES: On the point of order, Mr. Chairman, it seems to me that if you were to decide that, since foreign trade is mentioned separately, it cannot be discussed under departmental administration, it would be consistent for you to pick out other things such as standards division, wheat and grain division, or Canada Grain Act, and apply the same rule. It may be that some day the house will decide to follow that practice. But certainly that has not been the case during the years that most of us know about. It seems to me that it would be a fairly drastic change to make without some consideration by the committee and the house in general. I think the committee would prefer to follow the practice of permitting general discussion on the first item in the department. I think that, by adopting that procedure, in the long run time will be saved.

Some hon. MEMBERS: Hear, hear.

The DEPUTY CHAIRMAN: Then, if that is the unanimous wish of the committee, we shall continue along that line.

Some hon. MEMBERS: Agreed.

Mr. BURTON: Thank you, Mr. Chairman. May I continue by saying that, since this is the first time the minister has appeared before the committee with his estimates for this department, it was surprising to some of us that he did not come prepared to give a fairly comprehensive statement as to the work carried on by this department and as to what is anticipated in the immediate future. However, since the minister has not seen fit to do that, we shall probably have to grope around in the dark and gather up the loose ends, so to speak.

Before I endeavour to make my little contribution, may I assure the minister that I am glad to see that he finds time to take care of this department. I hope he will not take it amiss when I say that when I heard of his appointment as minister in charge of this department, the first thought that struck me was that the minister is much more suited and much better trained to be a builder than to be a trader. However, some of us may be wrong in that respect. It is to be hoped that the energetic leadership that he can give to this department will prove that the fears of myself, and of other hon. members who think as I do, were unwarranted.

I have had an opportunity on several occasions, particularly last summer, to view some of his work; and, now that he is Minister of Trade and Commerce, I hope he will make an effort to see that full use is made of his work in other lines and other years. I have particular reference to the fact that the minister and his department can be of considerable assistance to those of us who would like to see more trade into and out of Hudson bay, making use of the Hudson bay port and the Hudson bay route. That is the first point of which I should like the minister to make a special note. In the past the minister devoted a great deal of time and energy to the development of that port; I hope he will now help us prove that the Hudson bay route and port are a feasible undertaking. For my part I do not think we should be satisfied with exporting just a few million bushels of wheat by that means this summer. I believe our objective should be at least 25,000,000 bushels.

That is only one small bit of the whole trade picture. This nation is endeavouring to get back to a peacetime footing, but we have found that our old conception of trade has been largely upset. In the first place, we find trade being carried on under entirely different circumstances, on account of the fact that so many commodities are in short supply, with the result that we have a seller's market. So we must adjust ourselves to meet these conditions.

On the other hand, we should also remember that in the final analysis the best market for

Canadians is the home market. We must not overlook the fact that the first demand on the production of this nation should be the provision of a full, rich life for our own people. Let no one think I am saying I do not believe we should go the limit, even to the extent of denying ourselves if necessary, in helping to provide foodstuffs and other commodities for people in lands less fortunate than ours. Nevertheless we should so organize our trade within our own country that our own people will reap the benefit of the wonderful productivity of this country. Here again the minister and his department can give a great deal of leadership.

I hope we shall never again see British Columbia apples going to waste, while at the same time the children on the prairies are not able to obtain apples, and similar conditions in other parts of the country. I hope we may never again see the textile warehouses piled high, and at the same time, as was the case in the not too distant past, the people of this country lacking sufficient and proper clothing. So I say trade should be carried on for the benefit of our own people; then, in branching out into international trade, we should be in a position to trade our surplus goods for commodities we cannot economically produce in our own country, so that our people may be able to round out a full and satisfying life.

In that connection I think it is of considerable significance that at the present time we should have in progress in our own country an international trade fair or exhibition. While the public as a whole are not invited to attend, I believe this fair gives us an idea of what may happen in future. At such a gathering of nations each is able to show the others its commodities, and we can start trading with one another, thus disposing of our surplus products in exchange for commodities we require. I believe in this I am expressing the opinion of hon. members who have had an opportunity to visit the trade fair and learn at least something of what is going on there.

Then I think I should mention that today our trade is not on the same basis as in the years gone by. We find that instead of trading being carried on in a haphazard manner, with buyers and sellers running around at loose ends, with people bidding against each other to run prices down or bidding against each other to run prices up, more and more the principal importing countries are buying through import boards or government agencies in order to meet their requirements. So I think we must realize that the old days of laissez-faire are gone, and we must adjust ourselves to new circumstances and a new order. I would say that Canada is in a very favourable position; and if the Department of Trade and Commerce bears in mind the points I have mentioned I believe it can be of great assistance to the people of this country.

I do not intend to deal with any specific items, Mr. Chairman, though I may do so later on. In conclusion, however, once more I would appeal to the minister to help us make this a banner year for the Hudson bay route.

Mr. MERRITT: I see it is now ten minutes to six, Mr. Chairman. I was surprised that the minister did not make a statement about the European recovery program. I do not mean the statement he made a moment ago, but a prepared statement giving the committee considerable detail.

But that was not the only thing I thought the minister would come before the committee prepared to deal with this afternoon. During the past year, various things have happened in connection with our external trade which have made the subject one of compelling interest to all the Canadian people. I have in mind such things as the minister's statement last November, at the time the restrictions were put on, that Canada should make the building up of United States dollar exports a national objective. I have in mind, when Bill No. 3 was being discussed, the references that were made to a positive dollar program, which, of course, was built up on the income of United States dollars from the various means which were not disclosed but which the minister attempted to leave the house to believe he had in mind. I have mentioned the European recovery program.

I saw recently that the Canadian exporters' association, in a brief presented to the government, expressed alarm that the empire markets upon which they had relied in the past were drying up. All these things require a statement of government policy on the matter of external trade. Will the minister be kind enough, when the committee resumes his estimates at nine o'clock, to give a comprehensive statement as to the prospects of trade in the coming year, what he has accomplished in respect to expanding exports to the United States, what he hopes to do and what can be done to protect the empire markets about which the exporters' association is so much alarmed?

I cannot help reiterating my great disappointment that no statement was ready for us when the minister started his estimates, which are probably as important as any that

will come before the committee. I hope the minister will try to do that tonight. In the meantime I should like to ask a few questions with respect to the statement he made on ERP. I think the minister said that funds had been allocated to the countries but that purchases were to be through normal channels and not through government agencies as a general rule. Then he spoke about statements of availability and requisitions.

Am I correct in understanding that the United States is going to make United States dollars available to the purchasing countries and that they can be spent in any way, provided that the ERP organization approves the bulk requisition for that kind of article, or does each individual transaction have to be put through the ERP organization? As the hon. member for Rosedale has suggested, perhaps the minister might trace an individual transaction through the whole process, so that we can understand how the mechanism works.

Mr. HOWE: As I stated, trade practices are being followed. For example, we have been making bulk sales to the United Kingdom of foodstuffs. The ERP organization has approved those contracts. We shall continue to ship under those contracts to recipients of ERP funds.

Mr. MERRITT: Will the payment be made at Washington or London?

Mr. HOWE: London. The ERP does not buy or sell or pay; it just makes funds available to recipient countries for use in buying articles on an approved list of commodities. The list must be in detail. For example, if a country requires leather, it decides where it wants to buy that leather. The transaction is put up to the ERP organization, presumably in Paris. If it wishes to buy leather from Canada or from a specific firm in Canada, that is specified. The ERP organization approves or does not approve the transaction. If it is approved, the purchaser will qualify for payment from ERP funds.

Mr. JACKMAN: How do we specify for United States funds?

Mr. HOWE: Everything we sell is for United States funds or Canadian funds unless we make some other arrangement.

Mr. JACKMAN: If the contract were made through London, if we were selling to Great Britain, or through Paris, if we were selling to France, and we were following the normal course of trade we could not insist upon United States dollars. How do we make sure that we get United States dollars on these ERP shipments?

Mr. HOWE: The transaction may be made in sterling. The Bank of Canada has clearing arrangements with the Bank of England. If it is made in convertible currency the transfer can be made. It would have to be a purchase authorized by the Bank of England. If it is authorized, clearance is through the bank. Our sales to the United Kingdom of wheat and food and most other commodities are in Canadian dollars.

Mr. JACKMAN: It is difficult to understand exactly what does happen. Taking leather, the example the minister gave us, let us say that France needs so much sole leather and will get it in Canada with ERP approval. The Canadian tanner would ship to France against a draft in dollars or United States dollars or francs. That is what would happen when you are trying to maintain ordinary trade channels. I do not quite understand how we get the United States dollars which we are after and which are being provided for this purpose. Would the shipment be segregated from all other shipments going to France, so that we could get United States dollars?

Mr. HOWE: Does my hon. friend know anyone who sells to France for anything except United States or Canadian dollars?

Mr. JACKMAN: We do not want Canadian dollars.

Mr. HOWE: We are pleased to get them. They are just the same as United States dollars for our purposes. I will take my hon. friend aside some day and explain it to him.

Mr. MERRITT: Will the minister make a statement at nine o'clock?

Mr. HOWE: What statement? I have just made a statement. I shall be glad to answer any question my hon. friend asks on ERP or on my statement. Has he any objection to the statement I made?

Mr. MERRITT: Yes, I have.

Mr. HOWE: I thought it was preferable to speak without a document. Now my hon. friend insists upon a document.

Mr. MERRITT: Of course I do not insist on the minister reading from a document, but I suggest to him that the statement he made on ERP, being a statement without proper preparation, apparently just from what he carries in his head, was not as clear to the committee as it would have been had he attempted to forecast the questions he was going to be asked. There were four specific things that I mentioned. I suggest to the minister that his estimates will go through more quickly if he tries to give us a compre-

hensive picture and does not attempt to have his estimates go through by our jumping up and asking detailed questions and trying to work out the whole picture. I think it would be in the interests of the committee and of the minister himself if he were to present a comprehensive picture.

Mr. HOWE: This is my thirteenth session in the House of Commons, and I have never noticed that a minister who made a long statement on the opening of his estimates got through any faster for that reason.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

RAILWAY ACT

PENSION RIGHTS—BREAKS IN SERVICE FROM CERTAIN CAUSES

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, on a point of order, and by leave of the house, may I ask that the bill in my name which appears as No. 20 under public bills and orders be withdrawn.

Mr. DEPUTY SPEAKER: Has the hon. member the consent of the house to withdraw the bill?

Some hon. MEMBERS: Agreed.

Bill withdrawn.

PRIVATE BILLS

SECOND READINGS

Bill No. 222, for the relief of Lucien Menard.—Mr. Maybank.

Bill No. 223, for the relief of Sheila Trench Thomson Ellis.—Mr. Maybank.

Bill No. 224, for the relief of Alexandre Hebert.—Mr. Maybank.

Bill No. 225, for the relief of Anne Greenblatt Pliss.—Mr. Maybank.

Bill No. 226, for the relief of Sonnie Levitt Shereck.—Mr. Maybank.

Bill No. 227, for the relief of James Young.—Mr. Maybank.

Bill No. 230, for the relief of Hazel Violet Camp Mace.—Mr. Maybank.

Bill No. 231, for the relief of Adah Elizabeth Jeffries Heinz.—Mr. Maybank.

Bill No. 232, for the relief of Mabel Findlay Turner Rollo.—Mr. Maybank.

Bill No. 233, for the relief of Anna Dagmar Dahl.—Mr. Timmins.

[Mr. Merritt.]

Bill No. 234, for the relief of Florence Evelyn White Marshall.—Mr. Maybank.

Bill No. 235, for the relief of Kathryn Mae Richardson Rowe.—Mr. Maybank.

Bill No. 236, for the relief of Margaret Dawson Jamieson Turnbull McKay.—Mr. Maybank.

Bill No. 237, for the relief of Margaret Elizabeth Dunn Vezina.—Mr. Maybank.

Bill No. 238, for the relief of Elizabeth Craig Blair.—Mr. Maybank.

Bill No. 239, for the relief of Charles Henry Kennell.—Mr. Maybank.

Bill No. 240, for the relief of Muriel Frances Pratt Fiddes.—Mr. Maybank.

Bill No. 241, for the relief of Leah Zeiger Rudenko.—Mr. Maybank.

Bill No. 242, for the relief of Ruth Harris.—Mr. Maybank.

Bill No. 243, for the relief of Eva Booth Morrison McCormick.—Mr. Maybank.

Bll No. 244, for the relief of Naomi Evelyn Masterangelo Rosenstein.—Mr. Maybank.

Bill No. 245, for the relief of Jean Lauder Rutledge.—Mr. Maybank.

Bill No. 246, for the relief of Henry George Chartier.—Mr. Maybank.

Bill No. 247, for the relief of Francis Russell Stone.—Mr. Maybank.

Bill No. 249, for the relief of Mathilda Welter Jackson.—Mr. Maybank.

Bill No. 250, for the relief of Joseph Thomson Mowat.—Mr. Maybank.

Bill No. 251, for the relief of Mary Hrychuk Fleury.—Mr. Maybank.

Bill No. 252, for the relief of Anna Kathleen Burnie Beebe.—Mr. Maybank.

Bill No. 253, for the relief of Jenny Muriel Pressley Scott.—Mr. Maybank.

Bill No. 254, for the relief of Mary Pappas Gigantes, otherwise known as Maria Papadatos Gigantes.—Mr. Maybank.

Bill No. 255, for the relief of Gilbert Brinton Campbell.—Mr. Maybank.

Bill No. 256, for the relief of Helen McGregor Hanley.—Mr. Maybank.

Bill No. 257, for the relief of Yudit Mary de Bartok Richardson.—Mr. Maybank.

Bill No. 258, for the relief of Abraham Schechter.—Mr. Maybank.

Bill No. 259, for the relief of Caroline Alice Woods Mayhew.—Mr. Maybank.

Bill No. 260, for the relief of Giana Stephen Cantlie Lyman.—Mr. Maybank.

Bill No. 261, for the relief of James Gustov Reed.—Mr. Maybank.

Bill No. 262, for the relief of Elizabeth Ruth Maitland Harley.—Mr. Maybank.

Bill No. 263, for the relief of Daisy Elizabeth May Fishlock Wallis.—Mr. Maybank.

Bill No. 264, for the relief of Gertrude Agnes Dorothy Cunningham McLarnon.—Mr. Maybank.

Bill No. 265, for the relief of Jeannette Ore Paige.—Mr. Maybank.

Bill No. 266, for the relief of Reva James Nathanson.—Mr. Maybank.

Bill No. 267, for the relief of Gerald Roderick Bartlett.—Mr. Maybank.

Bill No. 268, for the relief of Dorothy Jardine Palmer Petrie.—Mr. Maybank.

Bill No. 269, for the relief of Nellie Maisie Wingham Carphin.—Mr. Maybank.

Bill No. 270, for the relief of Beatrice Gertrude Corbin Simand.—Mr. Maybank.

Bill No. 271, for the relief of Margaret McCallum Cameron Baird Brine. —Mr. Maybank.

Bill No. 272, for the relief of Leila May Willett Ascah.—Mr. Maybank.

Bill No. 273, for the relief of Joseph Ulric Stanislas Caron.—Mr. Maybank.

Bill No. 274, for the relief of Edith Elizabeth Walker.—Mr. Maybank.

Bill No. 275, for the relief of Yvonne Jeanne Leslie.—Mr. Maybank.

Bill No. 276, for the relief of Bertha (Brana) Hindes Ramer.—Mr. Croll.

Bill No. 277, for the relief of Ellen Gertrude Hinks Fairhurst.—Mr. Maybank.

Bill No. 278, for the relief of Shirley Marder Berman.—Mr. Maybank.

Bill No. 279, for the relief of Vera Maud Thayer Gunn.—Mr. Maybank.

Bill No. 283, for the relief of Joseph Chiarella.—Mr. Maybank.

Bill No. 284, for the relief of Merle Allene Dalton.—Mr. Maybank.

Bill No. 285, for the relief of George Nestor Cloutier.—Mr. Maybank.

Bill No. 286, for the relief of Rufina Olga Soltysik Leshchynski.—Mr. Maybank.

Bill No. 287, for the relief of Rhea Lillian Appel Ostroff.—Mr. Maybank.

Bill No. 288, for the relief of Alice Elizabeth Tucker Shaw.—Mr. Maybank.

Bill No. 289, for the relief of Libby Raikles Lerner.—Mr. Maybank.

Bill No. 290, for the relief of Beatrice Catherine McCabe Sowerby.—Mr. Maybank.

Bill No. 291, for the relief of John Morrell. —Mr. Cardiff.

Bill No. 292, for the relief of Lily White Borgan.—Mr. Maybank.

Bill No. 293, for the relief of James Donald Bacon.—Mr. Maybank.

Bill No. 294, for the relief of Laurel Gwendolyn Wilband Walsh.—Mr. Maybank.

Bill No. 295, for the relief of Lillian Eileen Rendle Nadler.—Mr. Maybank.

Bill No. 296, for the relief of Claire Alice Tucker Vincent.—Mr. Maybank.

Bill No. 297, for the relief of Audrey Beryl Fryer.—Mr. Maybank.

Bill No. 301, for the relief of Aldoria Rodier dit St. Martin.—Mr. Maybank.

Bill No. 302, for the relief of Marguerite Pichette Sanzone.—Mr. Maybank.

Bill No. 303, for the relief of Frederick Edward Sherman.—Mr. Maybank.

Bill No. 304, for the relief of Joseph Leopold Joffre Viau.—Mr. Maybank.

Bill No. 305, for the relief of Olga Timofy Ewaschuk.—Mr. Maybank.

Bill No. 306, for the relief of Leie Snideman Tuchsneider, otherwise known as Lilly Schneidman Schneider.—Mr. Maybank.

Bill No. 307, for the relief of William Francis Dunphy.—Mr. Maybank.

Bill No. 308, for the relief of Alice Hoare Dubeau.—Mr. Maybank.

Bill No. 309, for the relief of Jennie Leibovitch Margolese.—Mr. Maybank.

Bill No. 310, for the relief of Hugh Cyril Harvey.—Mr. Brown.

Bill No. 311, for the relief of Barbara Yuile. —Mr. Maybank.

Bill No. 312, for the relief of Violet Mae Ruth Johnson Menaker.—Mr. Maybank.

Bill No. 314, for the relief of John Clayton Sturgeon.—Mr. Maybank.

Bill No. 315, for the relief of Alice Deborah Townsend Hawker.—Mr. Croll.

Bill No. 316, for the relief of Rae Bellam Baron.—Mr. Maybank.

Bill No. 317, for the relief of David Ewing Jackson.—Mr. Maybank.

Bill No. 318, for the relief of Olive Turnidge Burns Turner.—Mr. Maybank.

Bill No. 319, for the relief of Dorothy June Wilson Weedmark.—Mr. Maybank.

Bill No. 320, for the relief of Kate Henny Wacker Prengel.—Mr. Maybank.

Bill No. 321, for the relief of Jeannette Racine Garneau.—Mr. Maybank.

Bill No. 322, for the relief of Gladys Gwendolyn Goode Buttress.—Mr. Maybank.

Bill No. 323, for the relief of Gladys Victoria Lewis White.—Mr. Maybank.

Bill No. 324, for the relief of Madge Reynard Lambton.—Mr. Maybank.

Bill No. 325, for the relief of Cornelia Barendrecht Nickel.—Mr. Maybank.

(Translation):

Mr. PAUL EDMOND GAGNON (Chicoutimi): Mr. Speaker, according to the Canada Year Book, between 1867—the date of Con-

federation—and 1900, there were less than 20 divorces a year in Canada. Then in 1903 there were 23; in 1909, 51 and, in 1913, 60; less than one per 1,000 marriages.

One of the consequences—and not the least disastrous at that—of World War I was an increased rate of divorces, due mostly to living conditions in that troubled period, softer laws and easier legal proceedings.

Divorces in Canada numbered 114 in 1918, 608 in 1926, 700 in 1931, 1,570 in 1936 and 2,369 in 1940.

In 1945, last year for which statistics are available, the divorce figures are as follows: Nova Scotia, 158; New Brunswick, 171; Ontario, 1,940; Manitoba, 405; Saskatchewan, 282; Alberta, 575; British Columbia, 1,366; Quebec, 177; Prince Edward Island, 2. This adds up to a total of 5,076 divorces.

In the province of Quebec, where there are no divorce courts, the percentage for 1945 is 3·5 per thousand marriages, compared with 26·9 in British Columbia and 38·2 in Ontario.

In 1947, in the latter province alone, 3,936 divorces, an all-time high, were granted by the supreme court. In 1946, there had been 3,500.

Divorces are increasing at an alarming rate in Canada.

The family, which is the basis of society, is being disintegrated with frightening unconsciousness. Divorce is a sure sign that moral standards are on the down grade, that civilization is on the way to disaster and will inevitably be destroyed.

When people have not enough character, religious conviction, courage, abnegation, honesty, charity and honour to respect the most sacred of all contracts, how can we hope that they will respect the laws to which they are subject and all other contracts by which they are bound?

There are many reasons for divorce, although adultery is the only one mentioned. However, in my opinion one of the principal causes of misunderstanding and separation is marriage between people of different faiths.

Following an investigation in the matter, Bishop Page, of the United States Episcopal Church, found a few years ago that only one per cent of those seeking divorces were of the same faith.

If it is true that we must increase the police force in a country where people have no

[Mr. Gagnon.]

respect for religion, I believe we can also say that where the Christian spirit of a people is low, divorces are bound to increase.

Last year, the Ottawa *Journal* pointed out that parliamentary jurisdiction in the matter of divorce was little short of scandalous. It doubted very much "if in the whole democratic world, there was a more grotesque parliamentary fact than this."

It is sad, not to say revolting, that people's representatives should sanction and condone by their votes decisions based on sham evidence, obvious perjury and summary proceedings trumped up by experts in the matter.

Marriage being a divinely instituted sacrament, men, be they senators, have no power to put asunder "what God hath joined together."

It is false to claim that the privilege, if you wish to call it that, of seeking divorce is a right, just as it is ludicrous to print on reports of those proceedings that in divorcing Mrs. So-and-so from Mr. So-and-so, parliament is passing an act "for the relief" of Mrs. So-and-so.

In 1886, Mr. Joseph Frémont, LL.D., quondam professor at Laval University, pointed out the danger of this procedure in his survey entitled "Divorce and Separation.":

> We are fast heading towards recognition of divorce as the generally accepted rule in the country. . . Besides, is it not recognition of the divorce principle to allow it by means of private bills? The privilege of private bills has served to introduce in society all doctrines and theories later sanctioned by law.
>
> In brief, as stated by Mr. Henri Bourassa in an address, the constitution of 1867 has established divorce, as well as marriage as a principle of national organic law. The federal parliament has maintained or established ordinary divorce jurisdictions in seven provinces and set up a parliamentary divorce court for the whole country. Justice Belleau rightfully said: "Divorce has been thrust upon us by parliament." Technically since 1867, in current practice since 1888. "Parliament has full authority to break up our homes. Unfortunately it cannot salvage the remains."

Children, those innocent victims, are the ones to suffer; thus do children have to pay the price for their parents' selfishness and mistakes. Driven to the gutter by the judges, they will later appear at the bar of the assize court or within the confines of penitentiaries. The greatness, the future and the very life of the nation are at stake. The country is

being deprived of the life blood of generations essential to its growth and expansion. Because its vital forces are being exhausted at the source, the country is impoverished. The plague of divorce is more dangerous than communism and all subversive doctrines combined. To defend and to cultivate the Canadian soil, men and soldiers are needed. Where shall we find them if we destroy the family, the source of life from which new harvests should forever spring?

Let us stem the wave of heathenism that is sweeping over the world, curb the ills bred by divorce and restore the Christian social order. Let parliament, once for all, leave off being a party to these crimes and unruliness and, at long last, decide to disallow every request for divorce brought to its attention. In voting against these bills, I feel that I am doing my duty and contributing to Canada's moral well-being.

Some hon. MEMBERS: Hear, hear.

Mr. PIERRE GAUTHIER (Portneuf): Mr. Speaker, may I add a word to support what has been said by the hon. member for Chicoutimi (Mr. Gagnon) regarding the bills before us.

I do not intend to make a long speech. In addition to the statistics given us by the hon. member there are two reasons why the thought of divorce is increasingly prevalent among the people. First obscene literature, second, the movies.

Under the Quebec law, children may not enter movie houses until they are sixteen. I am happy to say that I supported that act of the legislative assembly of Quebec, under the Taschereau administration, as member for the county I now represent in this House of Commons.

Pictures showing a husband philandering with the maid or a wife with her chauffeur, scenes we witness nearly every day in the American films, are bound to corrupt our young people.

The province of Quebec is often criticized because of this act, which is believed to infringe upon the freedom of the individual. However, it does nothing of the sort, but merely curtails the liberty of those who cannot exercise it wisely, that is, of all young people under sixteen years of age.

I therefore subscribe to the hon. member's remarks, and I suggest that authorities do everything in their power to prevent young people in other provinces taking advantage of those laws which allow youths of all ages to go to the movies. Salacious and obscene literature should be banned more particularly, along with anything that may tend to make our young people consider divorce as a very normal thing and suggest to them the well-known saying: "How can it be so bad, when everybody is doing it?"

Some hon. MEMBERS: Hear, hear.

(Text):

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, I should like to say just a word or two in connection with these divorce bills. I have previously expressed my view that something should be done to find another way of handling the matter than putting these cases through parliament as hundreds of individual bills.

It is my own view that one solution would be to provide, in respect of Canadians who do not have the opportunity to sue for divorce in their own province, that jurisdiction in this matter be given to the Exchequer Court of Canada. However, the government has not seen fit to act on that suggestion, and I do not intend to speak on that point at this time.

I did rise rather to make a suggestion which I think would meet with the wishes of all members of this house and which would save considerable time and money. Perhaps some means might be found of carrying it out.

I have before me the divorce bills and the minutes and proceedings and evidence which have come to my desk this session.

An hon. MEMBER: It makes nice reading.

Mr. KNOWLES: I have not read it. I read one or two a few years ago and I find that they are all the same; if you read one, you have read them all. However, this year I have saved them all, and I may say I have not collected any copies that have gone to other members to make the pile any higher than it actually is.

Mr. MacNICOL: Mine go into the waste-paper basket.

Mr. KNOWLES: So will mine when I have made the point I am now making. Here is this pile of bills, minutes of proceedings, and evidence, eleven inches high. There are 245 members and 96 senators, when they are all there—a total of 341. Multiply 341 by eleven inches and it comes to 312 feet. In other words, we have had printed for us in this session a pile of this material, which is almost of the pornographic kind mentioned, this afternoon, 312 feet high. That is higher than the peace tower. The peace tower itself

is only 291 feet high, and here we have an accumulation of this printed matter 312 feet high, almost up to the flag itself.

It seems to me, Mr. Speaker, that no members would miss anything and it would not have any effect on the proceedings and the bills that go through parliament if some means were found whereby we could obviate the printing of such huge quantities of these bills, minutes of proceedings and evidence taken before the senate committee. Surely one or two copies in some office, for reference if necessary, would be sufficient.

I hope my suggestion will be taken into consideration by Mr. Speaker, or by the officials of the house, and that some way will be found to save all this paper and printing. On other occasions we have been told that the printing bureau has so much printing to do for parliament that some important matters have to be delayed. Perhaps my suggestion would not solve the problem in its entirety, but it would be a help, and I offer it in the hope that it will be considered.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I do not see what we can do with these bills except to pass them. This is the ninety-ninth day of the session and we should be getting on with the business of parliament. These bills originate in the other place. The fee over there is $200, and there is a fee of $500 for private bills that come before this house. I repeat, there is nothing that we can do, as far as I can see, but to pass these bills. The government has no policy in relation to them. They are private bills, and the parties affected have paid their fees.

I may say, sir, that I am a member of a church that has made an extensive inquiry into the question of divorce. An important investigation into this question was presided over by the Archbishop of York, and attended by the Right Rev. Bishop Wand of London. They have submitted a report to the Lambeth conference in England, which meets on the first of July for six weeks. The report widens somewhat, for the first time in 300 years, the grounds of divorce. The Church of Scotland is looking into the question of divorce and so are other churches in the old land. The whole question is under consideration by these bodies.

In view of these facts, surely we can pass these bills now, and perhaps next year some method can be proposed in parliament by which the problem of divorce can be handled, so far as legislation here is concerned. I see no purpose to be served by holding up these bills now on this the ninety-ninth day of the session. There is no other course open to us than to pass them.

[Mr. Knowles.]

Mr. DEPUTY SPEAKER: Is it the pleasure of the house that these bills be read the second time?

Mr. GAGNON: On division.

Motion agreed to and bills read the second time.

Mr. DEPUTY SPEAKER: Mr. Croll moves, seconded by Mr. Golding, that these divorce bills be referred to the standing committee on miscellaneous private bills. Is it the pleasure of the house to adopt the motion?

Motion agreed to.

RINKER FINANCE CORPORATION

The house in committee on Bill No. 137, to incorporate Rinker Finance Corporation—Mr. Dechene—Mr. Golding in the chair.

On section 1—Incorporation.

Some hon. MEMBERS: Explain.

The DEPUTY CHAIRMAN: Shall the section carry?

Some hon. MEMBERS: Carried.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

Bill reported, read the third time and passed.

NATIONAL INSURANCE COMPANY

The house in committee on Bill No. 151, to incorporate the National Insurance Company—Mr. Rinfret—Mr. Golding in the chair.

On section 1—Incorporation.

Mr. RINFRET: In connection with this bill I will ask the hon. member for Rimouski to move an amendment to section 1, provided that I have the general approval of the committee. Unless I have that approval, I shall have to outline the procedure I intend to follow. That will be, before third reading is given, to ask the house to recommit the bill for restudy or reconsideration of section 1. With the general approval of the committee, I will now ask the hon. member for Rimouski to move the amendment.

Mr. BELZILE moved:

That Bill No. 151, an act to incorporate the National Insurance Company, be amended by adding in the title and at line 13 of section 1 between the words "National" and "Insurance" the words "Fire and Casualty"; and at line 14 of section 1, between the words "Assurances" and "hereinafter" the words "Incendie et Risques divers," the name of the company to read "The National Fire and Casualty Insurance Company," and in French, "La Nationale Compagnie d'Assurances Incendie et Risques divers."

Mr. SMITH (Calgary West): The hon. member is moving to recommit the bill, is he?

Mr. RINFRET: It will not be necessary if I have the general approval of the committee. We will reconsider section 1.

An hon. MEMBER: You have it. Let us get on.

Mr. HAZEN: The hon. member for Rimouski took exception to the name of this company as it appeared originally in the bill.

Mr. BELZILE: No, I did not.

Mr. HAZEN: I should have said it was the hon. member for Bonaventure.

Mr. RINFRET: I understand from the hon. member for Bonaventure that the new title will be satisfactory to his company.

Mr. HAZEN: I rose to ask if it was satisfactory to him.

Mr. ARSENAULT: It will be absolutely satisfactory.

Amendment agreed to.

Section as amended agreed to.

Sections 2 to 10 inclusive agreed to.

Preamble agreed to.

Title as amended agreed to.

Bill reported with amendments.

Amendments read the second time and concurred in.

Bill read the third time and passed.

CANADIAN CO-OPERATIVE PROCESSORS LIMITED

The house in committee on Bill No. 212, to incorporate Canadian Co-operative Processors Limited—Mr. Maybank—Mr. Golding in the chair.

The DEPUTY CHAIRMAN: The last time the committee was dealing with this bill, I believe we were considering section 4. Shall section 4 carry?

Sections 4 to 8 inclusive agreed to.

On section 9—Annual return.

Mr. CHURCH: I find that this is largely a provincial bill. I do not see why they come to this parliament, because I cannot see that by any stretch of the imagination it is anything but a provincial bill. It relates largely to agriculture, which is a matter under concurrent jurisdiction. Some of the health officers have been opposing the use of horse meat and all that kind of thing. I fail to see where there has been any demand from the province of Ontario for it, inasmuch as I believe that some of the head health officers of the cities have opposed what is suggested. I suppose, after all the horses are eaten, as a friend of mine said the other night, there will be no horses left for the Woodbine races.

Section agreed to.

Section 10 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

PENITENTIARY ACT

INSPECTION OF PENAL INSTITUTIONS BY GRAND JURY AND MEMBERS OF PARLIAMENT

Mr. T. L. CHURCH (Broadview) moved the second reading of Bill No. 206, to amend the Penitentiary Act, 1939.

He said: There are just three clauses to this bill, Mr. Speaker, and I should like to get the opinion of the responsible minister on it. The first section of the bill provides that a grand jury, members of parliament and others may inspect these institutions. The object of this section is to give jurisdiction to the grand jury and members of parliament to examine into complaints made, and to make presentments without expense to the country. These institutions are managed by the crown, and it is the intention of the bill to afford the people some reliable and definite knowledge of the conditions prevailing in them. The practice recommended here is intended to serve the public interest, and is in no way to be deemed a criticism of the existing system of inspection. On the contrary, the object of the bill is to assist in satisfactory administration. It is a well known fact that these institutions are inspected only by crown officers, and it was one of the cardinal principles of Magna Carta that the people themselves should take a large share in the administration of these penal institutions. Rightly or wrongly, they are now managed by crown officers and no one knows what is going on in them. I believe that in the public interest this situation should not be permitted to continue. Just in passing, let me say that, in the provincial realm, in one of the asylums under provincial authority two sane people were found; and that should not be. There are no visitors to these places.

The second section of the bill gives permission, as has been recommended by some judges, for inmates of these institutions to visit a dying relative. It is felt that this would be a good change. This section is intended to meet cases which occasionally arise when

urgent requests are received from relatives of prisoners for permission to visit dying parents or dependents. A recent case of this kind received wide sympathy.

The last section is designed to ascertain what has been happening in regard to real law reform in this country. We are miles behind the old land in this regard. There people are allowed time in which to pay their fines. They have broadened the summary offenders act, and as a result half the prisons in England have been closed. We shall never make any headway in this regard unless all the provinces get together. We are living in an age of conferences, however, and that should be possible. This section deals with offenders under the age of nineteen, who should not be admitted to these institutions. The provinces should provide places for them. If that were done I believe we would have some real law reform.

I should think more hon. members would take an interest in these matters, in view of the money we spend in the upkeep of these institutions. However, it seems we have very little time to devote to this problem, which is one of the most important we have to consider at the present time. If no other hon. members wish to speak, probably the minister will have a word to say.

Right Hon. J. L. ILSLEY (Minister of Justice): I should like to express my appreciation of the interest taken by the hon. gentleman (Mr. Church) in penitentiary matters and in the proper treatment of those convicted of offences. He has made this proposal in the house on other occasions. To some extent the matter was discussed last year, and at that time I started to express the opinions of the Department of Justice, and my own opinions, on the merits of the bill introduced at that time, which is being introduced again this year by the hon. gentleman.

This bill contains three sections, to which I shall have to refer to some extent in what I have to say tonight, though ordinarily one does not refer to particular sections in dealing with a bill on second reading. The first of the three sections of the bill provides for the inspection of penitentiaries by grand juries. Last year I tried to point out that this provision would have very limited application, for the reason that in many of the provinces of Canada there are no grand juries. Indeed there are only two counties in Canada where grand juries would be eligible under the bill to inspect federal institutions. One is the county of Westmorland, New Brunswick, where Dorchester penitentiary is situated; the other is the county of Frontenac, Ontario, where two penitentiaries are located, one at Kingston and one at Collin's Bay. There are no grand juries in the province of Quebec or in the western provinces, where the other penitentiaries are situated.

There does not seem to be any good reason why this parliament should endow the grand juries of these two counties in Canada with this inspectional function. It must be borne in mind that grand jurors have no particular or special training in inspectional work. They have no particular knowledge of criminology or anything of the kind. For this reason, among others, one of my predecessors in the justice department, Right Hon. Ernest Lapointe, opposed a similar bill introduced by my hon. friend in 1930. In my remarks on this bill last year I started to quote what Mr. Lapointe said at that time. I was interrupted because the time devoted to public bills had expired, and I was unable to finish the quotation. I should like to finish it now, because Mr. Lapointe stated why this proposal should not be accepted, in very much better language than I could improvise at the moment. He said:

> May I point out that such an inspection of a penitentiary as is proposed by this bill would occupy the activities of a grand jury working ten hours a day for several months? May I also mention the fact that the grand juries are composed of excellent men indeed, but they are men with no especial experience in criminology or the handling of criminals, or the management or care of such institutions. Moreover, grand juries are selected and appointed by provincial governments and they have therefore no authority whatever in dominion government institutions. Penitentiary officials are not permitted to inspect provincial institutions, nor is it considered desirable that this should be so, notwithstanding the fact that there are confined in mental disease hospitals of the various provinces a number of inmates of penitentiaries, the care and maintenance of whom are paid by the penitentiaries branch. There is already in the penitentiary law all that is required in the matter of inspection. Penitentiaries are inspected in detail by the superintendent, three inspectors, the auditor, the parole officer, the chief penitentiary engineer and the structural engineer. Such inspections are made continuously throughout the year. In addition to that, the following persons are entitled to visit and inspect a penitentiary during business hours: the Governor General of Canada, although I admit that he does not avail himself of that opportunity; the lieutenant-governor of any province of Canada; any member of the king's privy council of Canada, any member of any executive council of any of the provinces, any member of parliament of Canada and any judge of any court of record in Canada or in any of the provinces; and such inspection is invited.
>
> May I say in that regard that the condition and the management of our penitentiaries have been favourably commented upon, indeed have been commended by visitors from other countries connected with various organizations, the judiciary or the police forces, and that our penitentiaries compare favourably with such institutions in any other country in the world?

The citation I have just read is to be found on page 277 of *Hansard* of March 4, 1930. Since that time, there have been developments of a beneficial nature in penitentiary administration. Since last year, when the act appointing the commissioner and two deputy commissioners was proclaimed there has been considerable improvement in the penitentiary system, and I think what Mr. Lapointe said in 1930 about the administration and the inspection of a penitentiary would have even more force at the present time. The bill came up later in the session of 1930, and Mr. Lapointe is reported on page 365 of *Hansard* of March 6, 1930, as follows:

Parliament in the exercise of its powers has established a system of inspection of penitentiaries which is to be found in the sections of the Penitentiary Act that I mentioned the other night. Some if not all the provinces in the exercise of their powers have authorized grand jurors to inspect provincial prisons. Parliament has done what it considered wise in its field, and the provinces have similarly provided a system which they consider advisable in their own field. It would be just as illogical for a province to pass a bill authorizing inspection of provincial institutions by inspectors of penitentiaries as for parliament to adopt this bill. If parliament is of opinion that the present system of inspection which it has authorized is not sufficient or should be improved, its duty is to amend its existing provision so as to provide a better system of inspection under its own direction and control, but from a constitutional point of view it would be a very bad precedent if parliament were to surrender its control of the inspection of these federal institutions and to entrust that control to a body of men appointed by the provinces for provincial purposes. That is with regard to clause 1 of this bill.

I am sorry that I have to take up the bill clause by clause, but it is necessary to do that because it is not possible to sum up the principle of the bill as a whole without referring to the individual sections. Section 2 of the bill reads:

Notwithstanding anything to the contrary in this act or any other statute or regulation, the Minister of Justice or Solicitor General or a judge of the supreme or county court of a province, in special, urgent and important cases, may, on such terms as are defined in each case, permit a prisoner, under escort, to pay a brief or temporary visit to a dying parent, wife, child or other near dependent.

The power to grant a temporary ticket of leave in appropriate cases is already within the right of the Solicitor General. It is suggested that the extension of such power to supreme and county court judges who have no facilities for obtaining full knowledge of all the circumstances of the prisoner might result in serious administrative difficulties. The section does not define the conditions under which such permission might be granted or by whom the expenses involved would be paid. It would be impossible to make penitentiary officers available for such duty without disrupting the normal administration of the institutions. The proposal would also be open to representations as to illness and relationships which would be most difficult to verify. Those objections to the proposal were recognized when the matter was being discussed by Mr. Lapointe on the occasion to which I have referred, and this is what Mr. Lapointe said:

The officers of the penitentiary branch, men who have the experience, who have been in control of penitentiaries for many years, are strongly opposed to any such provision. They submit that it would be a very dangerous procedure to adopt, and one that would undoubtedly be abused if introduced. Exaggerated claims as to the degree of illness of relatives or other near dependents would continually be made and would be used as a means of securing the inmate's return for some other cause. Illness of fake relatives or fake near dependents would be a common occurrence if such a bill should become law. Many foreigners, particularly orientals, I am informed, incarcerated in Canadian penitentiaries, claim so many parents, wives, children or other near dependents that should the bill become operative it would call for a considerable expenditure of money and keep the guards busy delivering them to the homes of parents, wives, children or other near dependents. In one case alone within the past year nine orientals presented themselves at a Canadian penitentiary, all claiming to be close relatives to the one incarcerated.

Mr. Stevens: They are all cousins.

Mr. Lapointe: Probably. The necessity for strict enforcement of the law in all its aspects in connection with the criminal is more apparent today than at any previous time in the history of Canada, because there is an unprecedented increase in the number of convictions for serious crimes and consequently a tremendous increase in prison population. I admit there are some cases which may evoke sympathy, but this provision would lead to such dangers and serious abuses that I do not think it would be desirable to bring about the change suggested. There was a case—and probably it is the one my hon. friend mentioned in his explanatory note—that came to my attention some time ago. The man made and pressed an application for permission of this kind which I could not grant, but what I did was to refer the matter to the Solicitor General (Mr. Cannon) who is in charge of the administration of the Ticket of Leave Act in order to see whether that convict could not be released under ticket of leave if circumstances would permit his release so that he might visit his parent who was sick. But unfortunately that was a bad case, one in which it was impossible to grant a release. That man had a very bad criminal record and could not be released under the circumstances and under the practice as it exists. This clause also, I submit, should not be adopted by parliament and the law relating to incarceration should remain as it is.

I have no knowledge of the facts or the circumstances referred to by Mr. Lapointe in

that passage; but the conclusion that he comes to with regard to the general principle of delegating this power of release of convicts under those circumstances to supreme and county court judges is one with which I agree. The position that he took with reference to that proposal was, I believe, a sound one, and I am afraid that I shall be unable to accept the proposals of the hon. gentleman in that regard.

There is still another section of the bill, which reads as follows:

No person under nineteen years of age on his or her last birthday shall be admitted to or be confined in any penitentiary or other penal institution under the control or administration of the parliament of Canada, notwithstanding any law, usage or custom to the contrary and the provisions of any statute applicable to an offender under sixteen years of age shall apply to such person.

The manner in which that was met by Mr. Lapointe when he was minister of justice, was as follows. It may very well be that the conditions which he described are not quite applicable to the present day, but at any rate I am sure that his statement will be of interest to the house. He said this at page 366 of *Hansard*, of March 6, 1930:

My hon. friend said the other day that he is pleased that we are going to have preferred institutions for young convicts. As a matter of fact, this is now being worked out. The properties have been secured and the building will be erected during the course of the next fiscal year, and when that is done all the young convicts will be segregated and will have no contact with the old, hardened criminals. While this is being worked out, I do not think that this bill should be passed. My hon. friend does not indicate where these young offenders should be placed. If he suggests that they should be sent to the provincial jails, I do not think that there is anything to commend that course. As a matter of fact, evidence has been taken quite recently by the big brother and child welfare representatives as to conditions in the various jails, and it would appear from their report that they certainly would not support such a change. There is not the close supervision in the provincial institutions that exists in the penitentiaries, and there are in the provincial jails old, hardened criminals who have spent their life in jail and who are associating with the juvenile offenders with a good deal less supervision than in the penitentiaries to prevent them from placing their imprint upon all those with whom they come in contact. These old criminals have more opportunities in the jails than they have in the penitentiaries to exert an evil influence on the young delinquents. This change, therefore, would certainly not be desirable while the new system of preferred institutions is being erected.

There was some further discussion of this particular provision, all of which will be found in the report of the debate in *Hansard* of March 6, 1930, and the debate was adjourned, I believe, after this discussion took place.

[Mr. Ilsley.]

The report that I have from the officers of the penitentiaries on this proposal of my hon. friend is not favourable to its adoption. The objection taken by them is that the section, indeed the bill, does not state what disposition is to be made of persons under the age mentioned, that is the age of nineteen, who have been convicted of serious crime and have been sentenced to two years or more. The bill also proposes that the provisions of the Juvenile Delinquents Act shall apply to such persons. The suggestion of the penitentiary officials is that it is better to leave to the discretion of the sentencing judge or magistrate the decision as to where the youthful offender should be sent, since the facilities available for their incarceration vary in the different provinces.

I think that is probably all I should say with regard to the bill before the house. It serves the useful purpose of bringing forward the whole question of penal reform, in which there is a very great interest in this country, and when the penitentiary estimates are reached I shall be expected, of course, to say something about what has been done during the past year and what our plans are with regard to the future. It would appear that the particular objectives sought to be attained by the enactment of this bill are likely to be better attained in another way, by the adoption of other machinery.

Mr. CHURCH: Mr. Speaker—

Mr. DEPUTY SPEAKER: I must inform the house that if the hon. member for Broadview speaks now he will close the debate.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I appreciate what the minister has said about the bill, and I also appreciate the fact that he has done a great deal for law reform since he has been minister. I think he will leave behind him in the house the record of an unselfish life unsparingly devoted to the welfare and happiness of his fellow countrymen.

There have been a good many complaints about these institutions. The report made by Mr. Justice Archambault and his colleagues referred to the lack of inspection of the penitentiaries, and all that kind of thing. Certain gentlemen have been appointed, and they are very good men, military men and otherwise, but they have had no practical experience in this particular work. You cannot learn the police business in a day. A chief of police cannot learn his business in a day. These new officials learn it only by experience, and that is one of the things found wanting in these institutions.

Consider the vast sum of money that is spent on the penitentiaries; yet nobody ever goes into them to inspect them. Members of parliament, senators, lieutenants governor and others are appointed as visitors, but not one of them ever enters the doors of these institutions. That should not be. I should like to see the minister, before he leaves the house, arrange for some better system of inspection and appoint businessmen or others to visit these institutions, as was recommended in the report of Mr. Justice Archambault. Since it is now nine o'clock, Mr. Speaker, I move the adjournment of the debate.

Motion agreed to and debate adjourned.

SUPPLY

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

DEPARTMENT OF TRADE AND COMMERCE

The CHAIRMAN: When the committee rose at six o'clock we were considering item 440, departmental administration.

440. Departmental administration, $272,600.

Mr. MERRITT: Is the minister now prepared to make the statement for which I asked?

Mr. HOWE: I made a statement on ERP to the best of my ability, and if my hon. friend would like further information and would ask questions I shall be glad to answer them. But I cannot see that the length of a statement adds anything to the information it contains.

Mr. MERRITT: The minister will remember that just before we rose at six o'clock I indicated several subjects upon which I thought the committee would like to hear the minister. I thought I specified them quite clearly. Apparently the minister does not wish to make a statement. I can only say that it is another example of the disgraceful flouting of this house that the minister embarks upon so often.

The DEPUTY CHAIRMAN: Order. I do not think the hon. member should use that kind of language to another hon. member. I hope he will withdraw it.

Mr. MERRITT: Mr. Chairman, I am unaware of the particular language to which you refer as being unparliamentary. I can only say, in other words, that perhaps the minister does not pay the respect to this house that it deserves. Perhaps that expresses my view in language which would be acceptable to you, sir.

I am particularly interested in the minister's refusal to make a statement, because I just heard the Minister of Justice say that when we came to his estimates on another matter he would be expected to make a statement as to what he had achieved and what he proposed to do in the future with regard to that subject. I commend the attitude of the Minister of Justice to the Minister of Trade and Commerce, because I think it is more in keeping with the duty of the right hon. gentleman to the House of Commons. I want to ask the minister why he will take the trouble to make quite an extensive statement to the Rotary club in Montreal, which he did on May 11 last, but refuses the same privilege to this house. I wonder what the Rotary club has that we have not.

Mr. HOWE: I happen to have the speech to the Rotary club before me. I shall be glad to make it; it will take only forty minutes. I think I gave all the information contained in it in about ten minutes. I thought that this house would consider its time more important than that. This house is not a luncheon club. I think my hon. friend is apt to confuse himself with the House of Commons. He has made a statement about my flouting the house. All I have refused to do is to make a speech every time he asks me to do so. If he will ask me to make a statement on any subject whatever relating to these estimates I shall be glad to do so; but ask the questions one at a time. I can make only one statement on one subject at a time. Perhaps he had better reconsider his position. I have not heard any universal demand from the committee for me to make speeches.

Mr. SMITH (Calgary West): I never knew the minister to refuse; he takes every opportunity, and some of the speeches are bad.

Mr. MERRITT: I asked the minister to make a statement on what he had achieved and what he expected to achieve in respect of Canada's trade during this year. I specified four particular heads of subjects upon which I thought the committee would like to hear him. As I understand it, the minister now tells me that he does not propose to do so. I do not want to hear him read his forty-minute speech to the Montreal Rotary club, because I have it here.

Mr. SMITH (Calgary West): They did not like it either.

Mr. MERRITT: I shall read to him one or two little extracts from his own speech and ask him whether he will elaborate them a little further in connection with ERP.

Mr. ABBOTT: Dispense.

Mr. MERRITT: The minister told us before six o'clock that the off-shore purchases allowed for by ERP were approximately $1,800 million.

Do I understand that to be for a period of one year or for five years? Perhaps the minister can answer that.

Mr. HOWE: The budget of $5,300 million was for fifteen months, and the off-shore purchases mentioned were also for fifteen months.

Mr. MERRITT: Can the minister say by how much that estimate has been reduced by the recent action in Washington, or is likely to be reduced?

Mr. HOWE: The house of representatives has made a cut. As my hon. friend knows, the senate must take parallel action, and if there is a difference between the two houses there must be a compromise. At the moment the appropriation stands as $5,300 million for fifteen months.

Mr. MERRITT: Can the minister give the committee any idea of how much he expects to get of ERP funds in the year 1948 or for the fifteen months' period?

Mr. HOWE: My hon. friend asks, "How much do we expect to get?" We expect to be contributors to ERP, not get from ERP. I think my hon. friend had better amend his language and be a little sensible. He is talking about the recovery program.

Mr. MERRITT: The minister knows what I want. I do not imagine that his language is any purer than mine. Perhaps the minister will make an estimate of the total expenditures of ERP funds which may be made in Canada during the fifteen months' period. When he answers me, perhaps he will not be personal about it.

Mr. HOWE: We sell goods to ERP countries, which number some sixteen. We do not know whether we shall get any ERP dollars or some other dollars. Payments are not segregated. All we know is that we are paid in dollars. We know that the United Kingdom makes purchases in the United States in excess of the allocations to it from ERP funds. We think that is probably true of other countries. In addition to ERP funds, there are dollar earnings of those countries. We cannot segregate the money that is paid out of ERP funds—the money paid from dollar earnings and the money paid from reserves. It is all paid on the same purchases.

Mr. MERRITT: I am most surprised to hear the minister say he cannot make any estimate of the amount.

Mr. HOWE: I did not say that.

Mr. MERRITT: That is what I asked the minister to give the committee. If the minister did not say that, perhaps he will give the figure.

[Mr. Merritt.]

Mr. HOWE: My hon. friend asked me how many dollars we expected to get from ERP funds. I pointed out to him that we do not know whether the dollars we get come from ERP or from dollar earnings of the countries or from gold reserves, from gold production, and we are not particularly interested. If he wants to know the amount of our sales to ERP countries I may be able to give him that. Does he wish to know that?

Mr. MERRITT: That may be very interesting; but I asked the minister to make an estimate of how much he expected to get. He told me—

Mr. HOWE: I am not given to guessing.

Mr. MERRITT: I understand that he will not or cannot make that estimate. Is that correct?

Mr. HOWE: No. I said I could not because I do not know whether the funds will be ERP funds or other funds. I do not think anyone cares except my hon. friend.

Mr. MERRITT: I am most surprised to hear the minister say that he cannot make such an estimate. I would have thought it would be one of the first things he would want to know in connection with this program. He told the Rotary club in Montreal, as I understand it, that but for the European recovery program off-shore purchases our exports would have declined inevitably, and that now we may hope, not that shipments will be greatly increased, but that they will be maintained at least at the level of 1947. Did not the minister have some sum in his mind that he might expect of ERP funds when he made that statement in Montreal?

Mr. HOWE: Last year's total exports were $2,750 million, and I expect that this year's export will be somewhat in excess of that amount. They are running considerably in excess of it at the moment. I am sorry that my hon. friend cannot grasp my meaning, that exports are exports and that they are paid for in dollars. No one cares, except my hon. friend, whether they are ERP dollars or some other dollars.

Mr. MERRITT: Despite what the minister says, I imagine there are quite a few people who care considerably. I have here a figure which suggests that our favourable balance of trade with Great Britain and continental Europe last year was $885 million, and I understand that it is not the intention of the government to supply any further export credits. Can we take it, then, that in the minister's opinion, between ERP dollars and gold and other sources of United States exchange we

shall get from Europe $885 million in United States currency and gold this year? Is that his opinion?

Mr. HOWE: Last year we exported to the United Kingdom alone—I do not know where my hon. friend gets his figure—$751,200,000, and as I say, we expect to ship considerably more than that this year.

Mr. MERRITT: One more question. The minister mentioned a table of availability of ERP materials. Would he put it on *Hansard?*

Mr. HOWE: I would not care to do that. It is confidential. However, I can give a rough idea of the items on it. I certainly would not put it on *Hansard.*

Mr. MERRITT: Can the minister give that rough idea?

Mr. HOWE: Yes. It is understood that I am not tabling this document if I read from it. Is that understood or not?

Some hon. MEMBERS: Yes.

Mr. HOWE: My hon. friend did not say so. I will enumerate some of the items: bread; grains; coarse grains; fats and oils; oil cake and meal; meat; fish; cheese; canned milk; dried milk; eggs; dried fruits; pulse; fresh fruits; other foods; tobacco; nitrogen; agricultural machinery; coal mining equipment; timber; iron and steel; trucks; freight cars; steel manufacturing equipment, timber equipment, electrical equipment; aluminum; copper; hides, skins and leather; lead; newsprint; vehicles; woollens and worsted; zinc; machinery, n.e.s.; livestock; purebred livestock; seeds; seed potatoes; hay; footwear; leather footwear; rubber; pulp; miscellaneous automotive parts; asbestos; aircraft and parts; general manufactured products; rubber-sole slabs; rubber sundries; nickel. That gives a general idea.

Mr. HAZEN: What kind of machinery?

Mr. HOWE: All kinds.

Mr. CHURCH: I wish to refer to these estimates and to point out certain matters in connection with the Department of Trade and Commerce. In my opinion, this is the most important department of the public service today. The policies adopted by this government have had the effect of throwing clean overboard the old and well tried trade policies that have proved such a sucess in the prairies and throughout the country generally. I would invite the attention of hon. members to the international trade exhibition which is now in progress at the exhibition grounds in the city of Toronto. That exhibition will give them a very good idea of what has been accomplished in the past, and what under proper policies can still be achieved in the future by the Department of Trade and Commerce, for the promotion of the trade of this dominion, the fifth trading nation of the world. Hon. members have only to visit that exhibition to see the results of the old policies in connection with trade and commerce which we had in Canada before the new ideas were put into effect. These new trade ideas that we have today do not work for the benefit of Canada.

As I have said, the department whose estimates are now before the committee is one of the most important in the Canadian public service, but its possibilities do not seem to be fully recognized. We are sending ambassadors and consuls general and other dignitaries of that kind all over the seven seas, but they do not accomplish what the trained officials of the Department of Trade and Commerce can. There is no department that means more to the Canadian businessman than this department, which has been efficiently operated, as the trade exhibition shows. When we turn to Geneva, however, and examine all the pacts which are now written into the estimates at pages 68 and 69, exports and imports, we find that the whole situation has been changed, so much so that the Canadian businessman does not know where he stands, with all the forms that have to be filled out.

This department has done splendid work, and its representatives throughout the world are the men who bring business to this country and who build up Canada from coast to coast. They find trade for us. They find outlets for our products of sea, soil, forest and mine, and altogether they have done a magnificent job in the past.

I hope that you, Mr. Chairman, and other members as well will go and see that trade exhibition. It is on for another week, and a great many people are going to Toronto, to Sunnybrook, on the twelfth instant. I urge all hon. members to go and get a bird's-eye view of what trade means to this country and what the Department of Trade and Commerce can do to further that trade.

There are within the sterling area many countries that can contribute to the building up of Canadian trade, and the fact is that in the past we have always depended upon the sterling area and the mother country in particular. She has been a steady customer for all our farm products, wheat, grain and flour, and for manufactured goods of all kinds. We have had a steady market there and she has undoubtedly been our best customer. It is not

a market that is here today and gone tomorrow. Unfortunately, however, it has been largely interfered with by what has been done at Geneva.

I might refer to industrial development and one or two other matters coming within the industrial division, because some new divisions have been added. We have the exports and imports division. When the government comes to a stock-taking in the next twelve months it will find what the present policies have meant to this country. The government has by Geneva, turned down our best customers. One of the ministers has gone to Ontario, and he predicts that the government will throw overboard the finest customer we have ever had for our cattle overseas, and allow our cattle to go to the United States. The district represented by the hon. members for Davenport, Spadina, Trinity and Parkdale, and all the area north of Queen street, were built up by the great agricultural industry of Massey's and the cattle business to Britain as well. But now, as I say, our best customer has been thrown overboard.

Let hon. members visit the exhibition to which I have referred and they will see with their own eyes what the sterling area has meant in the past to this country, and can compare the results of the past with what we are likely to have in the years to come.

I am a firm believer in the old two-party system. One of my hon. friends the other day was referring to the song "Hail, hail, the gang's all here", but there was no reply as to his Yale cry from the government. I can say that in my experience I have found that west of the great lakes—I have visited that part of the dominion two or three times—the best policy has been found to be this: Depend upon your best customer always. Further, I would suggest that west of the great lakes our two old parties should end the union governments in Manitoba and in British Columbia and return to the old two-party system, Conservatives and Liberals, because, if they do not, the only alternative is to elect my hon. friends to the left, the C.C.F., as Yale showed the other day. The two old parties have served this country well, and governments under both parties have conducted a Department of Trade and Commerce that has been a credit to the Dominion of Canada. Trade has advanced by leaps and bounds. When you compare the value of this department to the country with that of some of the other departments in which there is duplication such as the Department of External Affairs and others, it will be found that the work is being done by this department which gets the cream of the business and means something to the trade and commerce of the country. What I think we want in this House of Commons is more of the politics of principle and progress and less of the politics of peanuts and party. I believe that motto could be applied to many departments, especially the Department of Trade and Commerce, when we find that, after the progress and success this country has had, we are to toss it to the four winds of heaven and introduce a new trade system.

I shall now go on to refer to some other matters. The first is the bureau of statistics. I should like to see this department now expand. Let us have some proper survey made of the accidents that happen. Today you cannot tell how many people have been killed on the highways. The situation is better with regard to level crossings, but you cannot tell the loss by fire. I would point to the large number of fires occurring in Ontario, and to the fact that you cannot tell what has been the loss of lives in houses that are burnt down. There is no way of telling that. I hope the bureau of statistics will bring that matter of deaths and those injured for all Canada up to date, and get us an up-to-date report, so that every year we shall have a statement along that line. They have done a great deal of good work in this connection. The returns are not made to them by the provinces, but I think the bureau might expand the work to the extent I have suggested.

In connection with the Canada Grain Act, I am sorry to see what is going on in the department and in the country. We have tossed away our best customer. Our markets were overseas and not north and south. It is an east and west industry and always has been. The markets have always been the markets of the world, Britain, France and her allies. That was a steady market and it has been thrown overboard.

In connection with the tourist business, I may say this is a presidential year, and I doubt if we shall have fulfilled the rosy picture in this travel bureau which is forecast. I venture to say that if we had every year an exhibition such as the one I referred to a moment ago, we might get some trade. But with provincial elections on, the high cost of living, the cost of travel and the lack of hotels, apart from one or two of the big conventions I fail to see where we are to get all these millions of dollars in tourist trade we hope for during this year.

Another matter I should like to refer to is the standards division, administration, and electricity and gas inspection services. I think the time has come when that should be done

voluntarily by the government. At the present time we need a national policy for cheap light and power. Canada has a potential of forty-six million horsepower, of which only one-sixth or one-seventh is developed at the present time. Some of it is only seasonal. I believe that what we need at the present time is some national policy or measure to deal with the situation in the maritimes, the Northwest Territories, and all Canada. We need a vast national policy with regard to cheap light and power. I was surprised the last time I was in British Columbia some years ago, to find that the richest province of all in water power did not have a cheap light and power program. I believe the government would be well advised to carry out this electricity and gas inspection itself and charge it up to some other branch of the department.

I do not know that I can say anything further. I compliment the minister who is a hard-working one. His predecessor was also a most excellent minister. The trade exhibition of both ministers is one of the finest things I think this country has ever seen. I wish the minister every success in his work, but I am fearful of what will happen in the days that are to come when today we toss, via Geneva, our trade policies overboard and lose our best customers.

Mr. TIMMINS: The minister a short time ago gave us a glimpse of what was called his program of availability. He did not table the whole schedule of figures, but it is a strange thing that although we do not get those things in the House of Commons, the press seems to get them. I have in my hand here a clipping of May 14 last which reads as follows:

> The Washington blueprint is contemplating an expenditure of approximately one billion dollars in Canada by the participating countries, but in the fifty-three categories are some items where Canada's share has been placed actually above estimated capacity to produce and others in which this country has been left out entirely or cut in on quantities less than she might have expected.

I do not pretend to hold the minister to those figures or to those fifty-three categories that are mentioned there. But as this has found its way into the press, I think the minister ought to tell us something more about the amount of money that is likely to be used with respect to this program. I should like to read just for a moment from the speech which the Minister of Finance made on November 17 last in which he said:

> The United States government has now recommended to congress that it should authorize the use of funds voted for aid to Europe in making purchases outside the United States. In the expectation that this policy will be implemented, we are ascertaining what supplies can be made available from Canada for this purpose. A program of this kind would resemble in many respects the Hyde Park agreement that proved to be so effective and constructive during the war.

As a matter of fact, in my district of Parkdale, apparently representatives of the Department of Trade and Commerce are calling on industry and are saying, "What have you available? What can you do?" I shall not mention the name of the officer, but I am reading from a letter which I should be glad to show the minister. One paragraph reads as follows:

> We had a recent visit from Mr. Blank—
>
> I will not give his name.
>
> —of the Department of Trade and Commerce who inquired as to our production capacity providing Canada gets orders from the ERP. We appreciated his interest in getting a share of this business for us.

I think the minister ought to take us into his confidence, since this is a Canadian plan —this is our share in ERP—so that we might know what is being done by the Department of Trade and Commerce in this regard and what we may expect. A good number of the commodities in the list which the minister spoke about were in the category of food. On reading excerpts from the speech the minister made in Montreal on May 11 last, I find he made it clear that Canadian industry and Canadian producers were to have to suffer certain sacrifices. I should like the minister to tell us, if he would, what those sacrifices are to be. He is reported as follows:

> The Reconstruction Minister said, however, that the recovery program for Europe meant that Canada would be able to carry on export trade at about the same volume as before, avoid a "radical reorientation of industry, and maintain higher levels of investment and income than would otherwise be possible."

He mentioned that there were to be sacrifices by the producers and the consumers in this country before the benefits of the plan would be felt. I gather that in respect to manufactured goods we were to lose some of our markets, and that it would not be possible for us to keep those markets which we had built up over the last three years by reason of what they called our own little Marshall plan of credits. That seems to be perfectly so.

As we know, Canada and Newfoundland are the only two members of the British commonwealth who do not belong to the sterling area; and by reason of that fact we find it difficult to sell our goods in the sterling area. I know the minister has before him particulars showing how our trade with the sterling area is falling down at the present time, and how we are losing those markets. For instance, my

information is that, because of a world shortage of United States dollars, many currencies are no longer convertible, and a European balance of payments with the western hemisphere is unobtainable. The consequent threat to Canadian prosperity shows ominously in the decline of British imports from this hemisphere from 49 per cent in 1946 to a prospective 34 per cent this year. This figure was 31 per cent in 1938.

I know the minister has received representations from manufacturing concerns and exporters in Canada who have shown that their exports to sterling area countries have fallen off 90 per cent, 95 per cent and in some cases 100 per cent. These industries are asking the minister and his department to carry out the fullest possible investigation in respect of all possible reciprocal trading arrangements with the sterling area countries. Surplus goods are waiting in Canada to be moved to the sterling area, and it is a question of setting up the machinery for the exchange of such goods.

In that respect, and having regard also to the Marshall plan, this afternoon I believe the minister told us that Mr. Pierce, the Canadian representative, was in Paris. We would like to know what sort of blueprint Mr. Pierce has with respect to the movement of these goods and commodities from Canada to Europe. After all, we know the Department of Trade and Commerce considers the United Kingdom and western Europe our natural market. For the time being we have lost that market, and it is necessary that something be done to restore it. Having regard to the fact that we are dependent upon the minister and his department to lead us in this—

Mr. SMITH (Calgary West): Paper chase.

Mr. TIMMINS: Yes, this paper chase, if you choose to call it that. Certainly when you make sacrifices you want to know what they are. So I should like the minister to explain the plan of which the Minister of Finance spoke in such glowing terms on March 17 last. I have some other questions I should like to ask, but for the moment I think I shall stop there. When we first heard about ERP it was the bonanza that would solve our export problems. Then we heard that it would enable us to hold our own, and that we would be lucky if we got what we did in 1947. Now we are told that it will be a case of making sacrifices. We can make the sacrifices; but industry, the exporters and the general public would like to know what those sacrifices are. I believe the minister is in a position to tell us.

Mr. HOWE: I am very much interested to hear that we have lost all our trade with the sterling countries. I have before me the figures of our exports to the United Kingdom for the first three months of this year as compared with the first three months of last year. In January, 1947, we shipped $50,500,000 worth of goods. In January, 1948, we shipped $64,900,000 worth. In February, 1947, we shipped $44,900,000 worth of goods; in February of this year, $51,700,000 worth. In March, 1947, we shipped $47,600,000 worth of goods, in March, 1948, $59,200,000 worth. Or if my hon. friend would like a comparison as between the shipments for the first three months of this year and the shipments pre-war I can tell him that the average exports from Canada to the United Kingdom in the years 1935 to 1939 for the month of January were $25,500,000. This year they were $64,900,000, or two and a half times as great.

Mr. TIMMINS: But, Mr. Chairman—

Mr. HOWE: Let me get this on *Hansard;* you brought up the subject. For February the average from 1935 to 1939 was $23,600,000; for February of 1948, it was $51,700,000. The average during those years for March was $26,400,000, as against $59,200,000 this year. For anyone to rise in his place and say our trade with the sterling countries is gone, is just ridiculous.

Mr. TIMMINS: I did not say that. I said we were losing our trade.

Mr. HOWE: There is no evidence of that.

Mr. TIMMINS: I will correct myself in this respect. I was not talking about the United Kingdom alone. I was talking about the other nations in the sterling area as well. The figures that have been given me—and they must be in the hands of the minister and his department—indicate that the sterling area countries have had to put on import controls, as we know; and since Great Britain is the banker for the sterling area countries, they are restricting trade with other parts of the world, including Canada, so that little by little our trade with those countries other than the United Kingdom is dropping. If I am wrong in that the minister may correct me, but those who prepared these figures think otherwise. I believe representations have been made or are to be made to the minister to the effect that these people wish him to do something in that regard; otherwise trade with these dependencies and dominions which form part of the British empire will drop to a point where it will not be funny for Canadian business.

Mr. MERRITT: Might I ask the minister if it is not correct that the figures he gave for January, February and March of this year include considerable purchases by the United

Kingdom under Canadian export credits which it is government policy not to extend from now on?

Mr. HOWE: Included are credits of $15,000,000 a month, or $45,000,000 in all, which is not a large sum in proportion. The point is that our exports are not dropping. The credits ended in the middle of April, but since that time there has been no reduction in exports.

Mr. SMITH (Calgary West): Why not separate it and tell us what it is?

Mr. HOWE: Separate what from what?

Mr. SMITH (Calgary West): You have so many millions, and you have credits of $15,000,000 a month; then you have this great increase. What did it? What did we sell that we did not sell before, or what did we sell more of than we sold before? The thing is simple; you have all your information there.

Mr. HOWE: In these three months we sold goods to the value of $175·8 million, of which $45,000,000 was credits. The rest was paid for.

Mr. SMITH (Calgary West): What were the goods? Where is the increase?

Mr. HOWE: You want the list?

Mr. SMITH (Calgary West): No, just roughly. Let us quit fooling about it.

Mr. HOWE: The largest items are foodstuffs. The biggest is wheat; the next is meat; the next is cheese, and the next is eggs.

Mr. SMITH (Calgary West): The Minister of Agriculture told us he put on the pressure to get England to take these things, and that is what you are talking about.

Mr. HOWE: Nevertheless we are not talking about how we sold it, but about what we sold.

Mr. SMITH (Calgary West): Then your figures do not mean anything.

Mr. HOWE: Then there is lumber, and aluminum and other base metals, a large item; agricultural machinery, which is a very large item, and various special types of machinery.

Mr. SMITH (Calgary West): I should like to ask another question, which follows the first question asked by the hon. member for Vancouver-Burrard. We are told that under ERP the United States will spend 5·3 billion in the first fifteen months of the operation of the plan. Here is the simple figure that I want. What proportion, irrespective of whether it is ERP dollars or any other kind—they are United States dollars that are going to buy—will we get in United States dollars, irrespective of source?

Mr. HOWE: I think it would be most difficult to say what portion of the $5,300 million; I am sure I cannot say.

Mr. SMITH (Calgary West): Cannot the minister give us some rough idea of what we shall gain in United States dollars in the fifteen months' operation of the Marshall plan? That is all I want to know.

Mr. HOWE: The hon. member means how much better off we shall be in United States dollars than we were when we started?

Mr. SMITH (Calgary West): Yes.

Mr. HOWE: Regardless of whether it is the Marshall plan or anything else?

Mr. SMITH (Calgary West): No, under the Marshall plan. I would like to segregate it. The Minister of Finance does the guessing on the rest of it with his three-pronged fork.

Mr. ABBOTT: I can answer my hon. friend's question if he would like an answer.

Mr. SMITH (Calgary West): I would love it. It would be the first straight answer I have got from the Minister of Finance for quite a while.

Mr. ABBOTT: The only effect which I presume the so-called Marshall plan will have on Canada is that it will help our customers to pay for some of the things they want to buy from us. We have no means of knowing how much of the purchases they make for us is paid for out of Marshall plan dollars.

Mr. SMITH (Calgary West): Why have you not?

Mr. ABBOTT: Because they are not paying by dollars.

Mr. SMITH (Calgary West): You said you could answer me if I wanted an answer.

Mr. ABBOTT: I have given an answer.

Mr. SMITH (Calgary West): I know that last Monday was Monday and that next Saturday will be Saturday; to say that would answer me as well as you have, because you did not even address yourself to my question. Surely you must have some idea. We heard from you how this Marshall plan was being looked forward to, to help our United States dollar situation. Now we have the Marshall plan; we have $5,300 million which is to be spent in fifteen months. You anticipated something if they passed it. We have it now. What was it you anticipated?

Mr. HOWE: Perhaps I can answer it. My hon. friend somehow has the impression—

Mr. SMITH (Calgary West): Are there any more of you who would like to join in this picture? I was taken away from the minister by the Minister of Finance and I am glad to be back again on your tender mercies.

Mr. HOWE: Some hon. gentlemen opposite have the idea that the Marshall plan is for the relief of Canada. The Marshall plan was designed for the rehabilitation of Europe.

Mr. SMITH (Calgary West): Let us admit that neither one of us is that dumb.

Mr. HOWE: You are asking what we are to get out of the Marshall plan.

Mr. SMITH (Calgary West): What we shall receive for the goods we sell. Does that make it plain to you?

Mr. HOWE: No. We sell goods to Europe and we get paid for them in dollars; we sell goods to France and we get paid for them in dollars; we sell goods to Italy and we get paid for them in dollars. The presumption is that if those countries had no ERP aid we would not sell as many goods that we would get paid for in United States dollars. Perhaps my hon. friends can relate that to ERP dollars, but my department has no information as to what proportion of what we sell to those countries will be paid for in ERP dollars.

When one stops to reason that England gets so many ERP dollars to spend anywhere she likes, in Canada, in the United States or in any other dollar country, he can appreciate my difficulty in telling my hon. friend how many ERP dollars will be among the dollars Britain pays to Canada.

Mr. SMITH (Calgary West): There would be an excess over what we are getting now. We know how much gold England has—

Mr. ABBOTT: No, we do not.

Mr. SMITH (Calgary West): —and we know how much gold other countries have. The Marshall plan will help us in our United States dollar position. I agree with you that it is nothing but rehabilitation, but we are perhaps selfish about the matter and will benefit by it in our United States dollar picture. What is the benefit we shall receive? You said you would answer and the Minister of Finance took his crack at the pussy and told me nothing. I would be delighted if the minister would help me and give me some idea. In those fifteen months will it be $200 million, $300 million or what? To me it is a matter of simple arithmetic. Consider that these various countries will be buying; you know this is new money, new United States dollars which will help those countries to the extent of $5,300 million; by whatever route you take, how much of that will get back to this country in those fifteen months? Perhaps it cannot be answered.

Mr. ABBOTT: Of course it cannot.

Mr. SMITH (Calgary West): It certainly has not been as yet. The Minister of Finance shakes his head and says it cannot be answered. Perhaps it needs a shake of the head by the Minister of Trade and Commerce to make it unanimous.

Mr. ABBOTT: The supporting of the United States dollar situation and balances of payment are, of course, my particular concern. Perhaps I shall not be stating the obvious if I give my hon. friend some indication of how these balances of payment are met. Hon. members appreciate that countries have to settle their balances with us. In the case of the United Kingdom, they maintain balances with the Bank of Canada. Those balances are credited with the proceeds of the sales of British goods and services in this country. They are credited with transfers which are made by the British government from sources that are unknown to us. In settlement of those balances, a cheque is in effect drawn on their balance with the Bank of Canada.

Canada has no means of knowing what ERP dollars, if any, that the British receive are transferred to Canada, but we do know as a general rule that if the United Kingdom or any other European country is furnished with a loan or if they receive United States dollars in some other form they will be available for the import of Canadian goods. It is not within our control to determine what dollars are used for what purpose. We know, speaking generally, that if they receive United States dollars they will be available to pay their bills with, but that is all we do know. Nobody can give my hon. friend any more information.

Mr. SMITH (Calgary West): We know this simple thing, that $5,300 million extra United States dollars are to be spent—mark that word "extra"—to help in the rehabilitation of the devastated countries of Europe. We know that, so we can go that far together.

Mr. ABBOTT: We read that in the newspapers.

Mr. SMITH (Calgary West): That extra money, those extra United States dollars, will come back related in some way to

purchases made in this country, purchases of goods which the ERP will supply to those devastated countries. If you say "yes" to this, I am through. Is it the minister's statement, knowing those simple facts, that he has no idea of what proportion of that extra money, that new money, will come to the Dominion of Canada?

Mr. ABBOTT: I have none whatever; my colleague, the Minister of Trade and Commerce, may have, but I have none whatever.

Mr. GIBSON (Comox-Alberni): How do these off-shore purchases work? Is a billion and a half of this $5,300 million handed to the European countries in cash, and then are they told that they can spend that for what and where they please, apart from purchases in the United States? Is that true?

Mr. HOWE: No. Certain allocations of dollars are made to certain countries. Those dollars are earmarked for special uses. The recipient country submits a list of purchases that it would like to make, what it would like to buy and where it would like to buy it. Those lists are either approved or not approved by the ERP administration. If they are approved and if on a list there are dollars earmarked for purchases in Canada, those purchases qualify for ERP funds and can be charged against ERP funds allocated to that country.

Mr. GIBSON (Comox-Alberni): Are those lists prepared and approved now, or are they still in the formative stage?

Mr. HOWE: They are prepared from time to time. I understand that a quarter of a year is the unit for which lists are submitted. The lists are being made up now for the second quarter and are being studied. No doubt in due course they will be approved, after which purchases will be made.

Mr. MERRITT: Will the minister try to tell us as much as he can about this, instead of having us go at it by these prying questions? For instance, I think the Minister of Finance said there was no way of knowing how much money would come to Canada, and yet in his Montreal speech the Minister of Trade and Commerce said:

> In short, we will be enabled, through the funds under the Economic Cooperation Act, to carry on our export trade in roughly the same volume and nature as before—avoiding a radical reorientation of our productive system—and to maintain higher levels of investment and income than would otherwise be possible.

When the minister makes that statement in a public speech I take it that he had something to go on. I may be able to help him. We financed $499 million of our export trade last year by Canadian export credits. That was the figure given in the budget speech of the Minister of Finance. May we understand that approximately that sum, $500 million, will be available from this source, and if it is not available from this source, from what other source of United States dollars will it be available? How much has already been spent under ERP requisitions in Canada? I submit to the minister that if he would tell us all he can we would get along much faster and I think we would be all greatly benefited by the information.

Mr. HOWE: I am sorry but I can only give the amount of exports from this country. We have lent this year about $52,500,000. Everything else has been paid for in dollars. I cannot tell the hon. member about ERP dollars, because I do not know and the Minister of Finance does not know, and I doubt whether anybody in Ottawa knows. I assure my hon. friend that the answer is not obtainable.

Mr. MERRITT: I would have thought it was the duty of the minister to make a forecast.

Mr. BRYCE: I thought I did not know anything about ERP, and I listened hoping to find out something; but, after listening to this debate, I am satisfied that I know as much about it as anybody else.

I think the Department of Trade and Commerce never gets the credit that is coming to it. I have travelled quite a bit in my life and in any city you visit abroad you will find a representative of the trade and commerce department. We can send any old defeated politician to be an ambassador, but you cannot send anybody who does not know his business to represent the trade and commerce of this country. I have had an opportunity of attending meetings of the united nations in three successive years, and I found that even our external affairs people needed the representatives of the Department of Trade and Commerce to guide them before they could make agreements. The importance of this department is not sufficiently recognized. Looking over these estimates, you find that they are mainly for salaries for people who are rendering service to the different communities in which they reside and to the trade of this dominion.

I have one complaint. Our goods are not advertised enough in other countries. I was over in the old country in 1938 and 1945. We can send lots of Nova Scotia and British Columbia apples to Great Britain, and they are well liked there but they are not sufficiently advertised. We must do some good

advertising. I took up with the previous minister of trade and commerce the question of advertising our bacon, but I found that that cannot be done under the regulations. But just as soon as possible I hope that the department will put on a real advertising campaign in other countries. Everybody would benefit from it from the top right down to the bottom, or from the bottom right up to the top, whichever way you like to take it.

Mr. SMITH (Calgary West): What about the middle?

Mr. BRYCE: You pass that going up or down.

I support what the hon. member for Humboldt said and urge that the minister help to make our Manitoba seaport at Churchill boom this fall. With modern equipment we shall be able to have a longer season there. I have been in touch with captains who sail that route and they say it is much easier coming in by the Hudson bay route than coming up the St. Lawrence river, because you can set your ship on three or four courses to the port of Churchill, whereas you have to change your course several times coming up the St. Lawrence river.

Might I, with your permission, Mr. Chairman, say something about grain? Would the minister make an announcement about what is coming to the farmers? I think it was a mistake on the part of the government to throw grain on the open market on October 22 of last year. I have received many letters from farmers wanting to know what adjustment they will get, and I have also grain companies wanting to know what will happen to them. The small grain companies which buy in small quantities, just a few carloads or a few thousand bushels, which they have to turn over immediately, will never be able to pay what the large companies can, which have huge elevators and huge storage facilities. These larger companies will be able to pay a much greater return to the farmer than the little company, with less capital, which has to have a quick turnover.

Mr. SMITH (Calgary West): What about the wheat pools?

Mr. BRYCE: They are the big companies; they will pay, and some of the other grain companies will pay.

Mr. SMITH (Calgary West): They have not paid yet.

Mr. BRYCE: I do not think any of them have paid yet.

[Mr. Bryce.]

Mr. HARKNESS: Several independent companies have paid.

Mr. BRYCE: You make your speech when the time comes.

Mr. BLACKMORE: We just wanted to help you.

Mr. BRYCE: You are not helping me, or you would not be sitting there. I would ask the minister to make a statement and tell us what the policy of the government is with respect to this matter. I think you fellows made an awful mistake when you threw the grain on the open market. The people did not want that.

An hon. MEMBER: They know that now.

Mr. BRYCE: Yes. Prosperity goes to a man's head and he forgets conditions in the 1930's. The farmer will never have prosperity until he has stable prices for his products, based on the cost of production and taking into consideration the prices he has to pay for what he has to buy. I hope the minister will make an announcement, so that I can reply to the people in the constituency of Selkirk and the grain companies that are writing to me to know what the government intends to do in the matter.

The DEPUTY CHAIRMAN: I still think it would be wise for the committee to stick to the item before us. Item 458 has to do with the Canada Grain Act, and so forth. If we were discussing that item the minister would have the proper officials before him.

Mr. BRYCE: I asked your permission before I started, Mr. Chairman.

The DEPUTY CHAIRMAN: I still think we would make more progress if we deal with the items as we come to them.

Mr. HOWE: My hon. friend was very courteous in asking his question; and, since he said nice things about the department, I think I should answer his question regarding the port of Churchill. I saw Mr. Dalgleish, one of the operators of the line of steamers which has been serving that port since the elevator was built. He told me that he had more inbound freight for Canada this year than ever before. I spoke to the board of grain commissioners. They are filling the elevators there. The principal question will be the lateness of the crop. This year's crop promises to be a late one. As my hon. friend knows, we have practically no carryover; we have no store of wheat to move to the port until the new crop of wheat arrives. Therefore it may be a poor year in

wheat, simply because there is no wheat to ship; but we do expect a good year of inbound cargo.

Mr. MacNICOL: Is the elevator empty now?

Mr. HOWE: It is being filled now. The grain is moving to Churchill. The elevator was emptied. I think the elevator was filled at the opening, but I am not sure of that.

Mr. MacNICOL: It may be filled, waiting for ships.

Mr. HOWE: Yes; grain is moving in there now.

Mr. SMITH (Calgary West): It has never been filled in its history.

Mr. HOWE: Yes.

Mr. SMITH (Calgary West): Filled?

Mr. HOWE: Certainly, filled almost every winter.

As far as the payments on coarse grains are concerned, we have been waiting for the private grain firms to settle. Some of them have settled. I believe the pools have not settled, and some private firms have not settled. We feel that for the government to do anything before the private settlements are made would be to disturb the situation, but we do hope that something can be done shortly.

Mr. BRYCE: Is there any prospect of a pooling system, so that everybody will be paid alike?

Mr. HOWE: No, that is quite impossible. If there is a payment, it will be a flat over-all payment.

Mr. BRYCE: It would be the fairest way.

Mr. BLACK (Cumberland): Before this item passes, I should like to support some of the requests made by the hon. member for Humboldt and by the hon. member for Selkirk, and made earlier in the session by the hon. member for Churchill, and by other hon. members, regarding the greater use of the port of Churchill. I make special reference to the utilization of the port in transporting grain at a cheap rate to the maritime provinces. That suggestion has been put forward at different times. The Minister of Agriculture has approved it, and I believe the hon member for Davenport has as well. It is requested that the grain should be shipped from the west through the port of Churchill and Hudson bay by water in order that we in the maritime provinces may obtain feed grains that we have required for so many years, at a cheaper rate because of cheap water transportation. Grain elevators should be built at points in the maritime provinces such as Pugwash, which has a splendid port; in Prince Edward Island, on the south shore of Nova Scotia and on the bay of Fundy, also on the New Brunswick side, in order that the people of the maritimes might get the benefit of necessary cheap feed grain. I hope that, under the marshland project which has been approved, and which will take some years to become fully effective, we shall be able to produce a larger proportion of feed grains than we have ever done before. Over a long period of years it has been necessary to transport feed grains to our provinces from the west. The Minister of Agriculture has definitely approved the use of the port of Churchill and the Hudson bay route, in order that grain might be transported to the maritime provinces.

I have never been enthusiastic about the soundness of the large expenditures which have been made in building the Hudson bay railroad and developing the Hudson bay port, but perhaps I am not the one to judge. However, expenditures of $50,000,000, $80,000,000 or $100,000,000 have been made. The results of those expenditures are there for the benefit of all Canada. Hon. members of the committee will agree that the people of the maritime provinces are as much entitled to the benefit of the use of this port as any other part of Canada, if not more so. It has been said in this house many times past in my hearing that grain has been exported from Canada by the cheap water export rate to European countries, and could be brought back to Nova Scotia cheaper than the freight rates on grains sent directly into the maritime provinces from the west. During the last few years we have had the benefit of a subsidized freight rate. We are very grateful for that, but I should like to ask the minister to give special attention to the practicability and desirability of using this route and these facilities to which I have referred, and to build elevators for storage, so that users of feed grain in the maritime provinces may get advantage of these facilities.

Mr. QUELCH: What are the conditions that a nation has to meet in order to get aid under ERP? I ask that question, because statements have appeared in the press from time to time that certain limitations have been placed upon the industrial output of some of the nations getting help. For instance, it was said that certain limitations have been placed upon the shipbuilding industries of England, and similar statements have been made about other nations. If that is true, of course it would have a direct bearing upon our trade

with these nations. I should like to know whether or not the minister has that information.

Mr. HOWE: The countries receiving ERP assistance are the countries of Europe outside the iron curtain. I can assure my hon. friend that the purpose of ERP is to stimulate production. I would be shocked to learn that any limitation on production is imposed by the program.

Mr. HARKNESS: I should like to bring to the attention of the committee some facts in connection with asbestos, and to ask the minister some questions concerning the matter. There are two companies, one in Calgary and the other in Vancouver, engaged in the manufacture of building materials from asbestos and cement. These companies make fireproof wall board, shingles, siding, corrugated roofing, coloured tile, sheathing, pipe, eaves-troughing, and a considerable number of other building materials, using as the chief material asbestos fibre and cement. The difficulty at the present time is that these companies cannot get the supply of asbestos fibre. They are depending for that on the two large asbestos producing companies in Canada. As I understand the situation, these companies have never actually refused to ship asbestos and so forth to these two companies. They just put them off, with the result that these building construction materials plants are forced to run very much below capacity, and at times to close down altogether. That is the situation of those companies manufacturing building materials which are in such short supply, which supply the minister has informed the house on numerous occasions he is trying to increase. The fact these companies cannot get the asbestos fibre which they need seems to me absolutely inexplicable.

I have here a copy of a publication put out by authority of the minister—in fact, one has to pay ten cents for it—which gives the figures in regard to asbestos production and exports from the country, and in 1947 production was 661,815 tons, and exports, 636,000 odd tons. In any event, exports were 96·24 per cent. These exports were made up of crude asbestos, 953 tons only; milled fibres—and it is milled fibres which these companies making these building materials require—223,693 tons; waste and refuse, shorts and so forth, of which they can use some 412,000 tons.

In spite of the fact that Canada is a very large producer of asbestos, the way the thing is running at the present time 96¼ per cent of all asbestos produced is shipped out of the country; and our own plants, particularly in western Canada, where we need building materials badly, and where we need industries, are unable to get a sufficient supply to maintain production.

The situation is the more peculiar, I think, in the fact that these large asbestos producers ship this material to a large extent to the United States. It is there manufacured into the very building materials these two companies make, and these materials are shipped back to Canada and sold with a consequent considerable loss of United States exchange, which we are trying so hard to conserve at the present time.

That, Mr. Chairman, is the situation as far as these two companies are concerned, and as far, also, as the general running of the asbestos business goes. I understand, further, that the companies to which this asbestos is shipped, where it is made into wallboard, are affiliates or subsidiaries of big producing companies in Canada. Furthermore, at least one of these companies is now in the process of building a plant of its own in Montreal to make these building materials, and these two small companies in the west are a little suspicious that they are being denied a supply of asbestos so that they will not build up too big a business and be too hard to compete with when the time comes for the big companies to get their own plant in operation in Montreal. That is as it may be; I do not know. At any rate, this situation exists and it could be cured; it could be eased very readily, I believe, by the Minister of Trade and Commerce.

I have been writing to the minister on the matter for the last two months. On April 12 I wrote him a letter pointing out how he could readily cure the situation, but nothing has been done about it. I have had a considerable number of letters which have produced no results. They have not got me anywhere, and it is for that reason that I raise the matter now.

This situation could be prevented, and these companies could be assured of a sufficient supply of asbestos fibre to meet requirements, simply by the minister writing a letter to the companies concerned. That would cure the whole situation—just a simple letter. Apart from that, if it did not produce results, all that would be necessary would be to refuse these companies export permits. Everything that is exported from the country at the present time requires an export permit; and if these different asbestos producers will not supply our own local companies with the asbestos they need, which is a very small amount—it would not amount to one-half or one-quarter of one per cent of what is shipped out of the country—if they are not willing, on the basis of a request from the minister,

to supply these companies, then I am quite sure the thing could be fixed up simply by refusing them an export permit, so that the small amount of asbestos could be supplied to our Canadian users first.

The situation that exists is absolutely ridiculous. I cannot comprehend how it has continued, and I would ask the minister to explain to me why nothing has been done to correct it. I also ask him to take steps along the lines I have suggested, or otherwise to ensure that these companies making building supplies get a sufficient supply of asbestos fibre to keep them going.

Mr. HOWE: I cannot imagine what branch of the Department of Trade and Commerce would be expected to intervene in the case mentioned. My hon. friend is, I assume, an advocate of free enterprise. Why, therefore, he wants the government to step in and control asbestos for the benefit of a plant in Calgary, which surely is able to trade with another private enterprise firm, is beyond my comprehension. He is quite mistaken when he says that export permits are required for asbestos. Products in ample supply are not subject to export control and never have been. Only materials in short supply are subject to such control.

My hon. friend says that the asbestos plants in Canada have associated plants in the United States. That is not true in the case of the largest producer of asbestos and, as far as I know, that company is willing to sell to any purchaser who is willing to pay the current price of the product. I suggest that my hon. friend may explain to his friends that, since they are operating in a free enterprise country, business should be able to look after itself.

Mr. HARKNESS: I have one or two simple answers to that. This is a supposedly free enterprise country; but under the present government it is far from free in enterprise, for practically everything in the country is controlled. I am not asking the minister to control this thing. All I ask is that he write a letter. I think that would be enough—

Mr. HOWE: My hon. friend has a stenographer and a pen. Why does he not write a letter?

Mr. HARKNESS: It is no good my writing a letter. I have no control over the trade and industry of the country as the minister has, and a word from me means nothing. A word from him would mean a lot to these people. He knows that as well as I do. All I ask is that, first of all, he write a letter requesting them to supply these firms in the west. I am quite sure that is all that would be required. If asbestos does not require an export permit, it is one of the few things, as far as I know, that do not. The minister says it is in ample supply. It is not in ample supply, or these companies could get it. They are willing to pay more than the market price for it, but the big supplying companies will not give it, or they have failed to give it so far.

The minister evades altogether one of the most important features of this matter, and that is increasing the supply of building materials in the country. He evades altogether the point with respect to the loss of United States dollars. He tries to circumvent it by saying: You are a free enterprise party; why don't you write a letter to the man yourself? That answer is ridiculous, and I am surprised that the minister makes it. It is a disgrace that this situation continues, and the minister will take no action to correct it. Instead, he tries to make anyone bringing up the question appear ridiculous.

Mr. MacNICOL: It was I who suggested to you, Mr. Chairman, that the committee be allowed wide latitude, and you kindly agreed. I think hon. members have availed themselves of it and brought out a good deal of information. Many of us will not be here on Monday, and there were one or two items—

An hon. MEMBER: Where are you going?

Mr. MacNICOL: There are eighty-two members who should be here from Ontario who will not be here. We have to go home to vote. If, Mr. Chairman, you think now, and the committee is agreeable, that the first item be called—

Mr. HARKNESS: Mr. Chairman, I wonder if the minister would give me a better answer than he has given as far as asbestos is concerned. So far he has given me no answer at all. I wonder if he will not give some reasonable answer on the matter. Surely I am entitled to an answer which is reasonable.

Mr. HOWE: I wish my hon. friend would explain to me what branch of the Department of Trade and Commerce exercises the function that he has asked me to exercise. Under what authority would I do it?

Mr. HARKNESS: I just asked the minister if his department does not issue export permits.

Mr. HOWE: We do on certain commodities.

Mr. HARKNESS: Then the remedy is simple. It is right in the minister's hands. There is no difficulty about it as far as I can see.

Mr. HOWE: Is my hon. friend suggesting that we place asbestos under export control, when we are using less than five per cent of our own production?

Mr. HARKNESS: I am suggesting that the minister should request these firms to meet domestic requirements before they export all the asbestos from the country. They are exporting 96¼ per cent, I think it is, or they did last year, 1947. Surely they could afford to export only 95 per cent and supply Canadian requirements. I just cannot see where there would be any great hardship on the minister if he were asked to put a little pressure on those companies with a view to getting them to supply Canadian requirements first. That is all that is needed. If that fails I would suggest that he put on export control and look after the matter in that way.

Mr. TIMMINS: The hon. member for Calgary West was asking for some information with respect to the values of the exports of Canadian goods to the devastated nations of Europe that might be expected under ERP. The minister has not given us any answers, but some figures have been given in the press. I should like the minister, if he would, to do us the honour of commenting on those figures. This was what was said in the daily press of May 14 last:

> In the case of base metals and timber the Washington blueprint has given Canada a substantial share of the European requirement. There is some doubt whether this country will actually be able to supply the $157 million in timber. The United States allotment is $96 million. This country will also be expected to supply the largest bulk of the aluminum and newsprint.

I am simply referring to the fact that it is said here that the requirements which will be expected of Canada in respect of timber will be $157 million. A little further on, the article goes on to say:

> Total allotment for fish in the Washington plan is $40 million, of which Canada is to supply only $12 million.

I wish to ask the minister whether those figures are definite, or if they are near the mark. If they are the estimates that have been in the plan, will he please give us some idea of what actually may be expected to come out of this plan?

I notice that the minister—and I referred to this a while ago—said in his speech at Montreal that this plan would involve some sacrifices here in Canada. The comment in the press is this:

> There will be an attempt encouraged by Washington to obtain more and more exchange of goods between soft currency countries.

[Mr. Harkness.]

> The United Kingdom has already gone quite a step in this direction and as her productive capacity increases she is likely more and more to shut out Canadian markets in Europe for manufactured goods. This applies, too, to some basic food products.

If that is the sacrifice the minister is talking about, I wish he would give us some idea of what he means is the burden which would be placed upon us here and which we are expected to take our part in bearing.

Mr. HOWE: Perhaps I can illustrate by using lumber as an example. We sell all the lumber we can produce. We have been doing that; we are doing it, and we expect to continue to do it. We get paid for that in dollars. Is it important where it goes?

Mr. TIMMINS: It is important, I suppose, if all our lumber is taken. That is the point I am trying to get at. Are we making sacrifices by giving what we really can not afford to give? If we give our full supply, of course we are doing ourselves a great injustice.

Mr. HOWE: No. We have a certain export quota for lumber. It is something like sixty or sixty-five per cent of our total output. That is all sold for dollars. We sell all the aluminum that we can produce and we sell it for dollars. I have mentioned fish as a difficult item. As I said in Montreal, and my hon. friend has quoted me, one of the rules of ERP is that soft currency countries must buy all they can from other soft currency countries. These soft currency countries produce a great deal of fish. We have been selling our fish as food and have been selling it mostly in Europe. It may be difficult to sell that fish in the future. In other words, the fish people may have to make sacrifices beyond what they have had to make in the past. I am thinking of an item like fountain pens, and I do not know why I choose them. We have been selling fountain pens to Europe and to soft currency countries and charging up the price against the loan. I doubt very much if fountain pens would qualify under ERP, although I am not sure. Suppose they did not.

An hon. MEMBER: What about manufactured goods?

Mr. HOWE: That would be a sacrifice for the fountain pen manufacturers. It is articles of that type to which I was referring. The point I am making is that we believe the general level of our exports will stay above that of last year, and payment will be made in dollars.

The DEPUTY CHAIRMAN: Shall the item carry?

Mr. HARKNESS: No. I still have not had an answer from the minister saying what he is prepared to do on the asbestos matter. As far as I am concerned, there is no use in his trying to laugh it off or to do anything else along that line. I want an answer that is definite either one way or the other; I want him to say either that he will or that he will not do anything. If he will not do anything, let him say so. If he is prepared to do anything, I should like to hear what it is.

Mr. HOWE: If my hon. friend wants me to use my influence, I suppose as a politician or a public man or something—

Mr. HARKNESS: As Minister of Trade and Commerce.

Mr. HOWE: —to do something for somebody in his constituency which I have no right to do under any powers entrusted to me, I do not chose to do it.

Mr. HARKNESS: I said that there were two companies here, one in Calgary and one in Vancouver, which are making building supplies. I thought the minister was interested in getting an increase in building supplies. That is what I am interested in. I am not interested in his using his influence on behalf of one of my constituents. As a matter of fact, the people in this concern, as far as I know, are not my constituents.

Mr. SMITH (Calgary West): No; they are mine.

Mr. HARKNESS: Yes. I do not think they are in my constituency at all. Answers along that line are indicative of the fact that the minister is apparently not prepared to do the things which I think it is his duty to do as Minister of Trade and Commerce.

Some hon. MEMBERS: Carried.

Mr. HARKNESS: No, no. Do not start calling "carried." As a matter of fact, I am prepared to talk here all night and all day tomorrow on this thing, until I get some satisfaction.

Some hon. MEMBERS: Oh, oh.

Mr. HARKNESS: Hon. members can call "carried" as much as they like, but this is a serious matter. It is a matter which affects the employment of a considerable number of people in both those cities, who work in these plants. It is a matter which affects the number of buildings which can be put up and completed in those two cities and areas. If the minister has any real interest in that sort of thing, I should think he would take the necessary means to see to it that the small amount of asbestos fibre which they require is retained in this country. I have suggested to him two things that he might do. He is apparently not prepared to do either of them. I really cannot understand the minister's attitude in the matter. To me he appears to be obstinate with regard to this matter and attempts to turn off any responsibility by answers which are not serious. That is what it amounts to.

Some hon. MEMBERS: Carried.

Mr. SMITH (Calgary West): I have learned that I have a new constituent, Mr. Chairman. I am going to put it in this way. We have items that are in short supply, such as nails, though I am not going to try to take the place of the hon. member for Peterborough West. We do exercise controls, some of them obvious and others not so obvious. May I ask, is there any import restriction or duty on asbestos fibre?

Mr. HOWE: Not at all; it is duty free. Canada is the principal supplier.

Mr. SMITH (Calgary West): Then, where may asbestos fibre be purchased other than from these plants in this part of the country? It cannot be purchased anywhere else in Canada and, as far as I know, it cannot be purchased in quantity in the United States. The minister turns this back; and a lot of the boys applauded his very clever reply when he said: You belong to a free enterprise party; why don't you write them a letter? We do belong to a free enterprise party; but we have always said that when monopoly raises its ugly head, as it has here, we will take care of it. That is what we are suggesting to the minister, who also says he belongs to a free enterprise party. He has it in his power to handle this situation, but all he is doing in his replies to those people who are trying to start a business, to provide some employment and to furnish some necessary materials, is passing them off with a smart answer and giving them no help whatever; while in this same Canada—and if we are to make it a Canada we have to trade within our own country as much as we can—we have the asbestos fibre. Out there we have the plants, but the minister will not do a single thing to help them. Nor is he even sympathetic toward these people in the difficulty in which they find themselves. That is the simple position of the Minister of Trade and Commerce right now in this House of Commons.

Mr. HOWE: Well, let us examine this situation a little further.

Mr. SMITH (Calgary West): Yes, I think we had better.

Mr. HOWE: My hon. friend is suggesting that we have several producers of asbestos in this country who have combined to prevent a plant in Calgary from getting asbestos.

Mr. SMITH (Calgary West): I did not say that.

Mr. HOWE: That is my hon. friend's statement. Well, we have Mr. F. A. McGregor as head of the combines investigation branch—

Mr. SMITH (Calgary West): I did not say that and I ask the minister to withdraw that statement.

Mr. HOWE: You said they just did not choose to sell asbestos to this plant. My hon. friend said they were trying to put the plant out of business so their United States associates could supply the finished product.

Mr. SMITH (Calgary West): I never said that either.

Mr. HOWE: Then your colleague from Calgary East said it.

Mr. HARKNESS: No, I did not. I said these firms have never absolutely refused to sell asbestos to these people. They just keep giving them the run-around by shipping them asbestos in dribs and drabs every now and then, and never enough to meet their requirements.

Mr. HOWE: Did my hon. friend not make the statement that a combine is raising its ugly head?

Mr. SMITH (Calgary West): No; I said a monopoly was raising its ugly head; and I repeat it.

Mr. HOWE: It is the same thing, if you are speaking of several firms.

The CHAIRMAN: Shall the item carry?

Mr. SMITH (Calgary West): Not while I am on my feet, surely.

The CHAIRMAN: I thought the hon. member had resumed his seat.

Mr. SMITH (Calgary West): I had not, but I shall.

Mr. MERRITT: I should like to ask the minister to make another speech now on one of the other matters I asked him about before six o'clock. At the time the import restrictions and excise taxes were put on, or while they were being debated in the house, much was said by the Minister of Trade and Commerce and the Minister of Finance about the constructive side of the program for the conservation of United States dollars. I might just start the minister off by a reference to his statement that if Canadians made the building up of United States dollar exports a national objective we should be able to balance our trade in a matter of months. I think the committee would be interested to hear a statement by the minister as to what progress has been made with the constructive side of the dollar conservation program, how far he has gone with it and what mechanisms he has used to further this drive toward this national objective, also what he proposes to do in future to make it a reality so that the restrictive side may be abandoned.

Mr. HOWE: Well, Mr. Chairman, the constructive side is showing itself in the trade figures. I could give my hon. friend details, but, without doing that, I can say the exports to dollar countries are stepping up each month in spectacular fashion, while imports from dollar countries are dropping each month in comparison with the same month last year. Exports are being stimulated by a formula worked out particularly for plants using United States content. We are limiting the United States dollars that may be spent to a fraction of what was spent last year, but allow the plant to earn additional United States dollars to pay for imports by increasing exports. The result of that program has been quite spectacular, particularly in certain industries. Several industries have arranged to manufacture and ship into the United States market in a manner never contemplated before the program was put into effect. The over-all net result is that without counting loans, I believe we are about $150 million better off in our United States dollar balance than we were when the program was announced, which I think is the best proof that can be offered that the constructive side is operating.

Mr. MERRITT: The minister mentions $150 million without including the loan. Will he say how much of that was the import of capital and how much was earned through increased export trade?

Mr. HOWE: Obviously I have not the details on the balance of payments. The investment figures would be included in the amount I gave, but I doubt very much if the investments count very much one way or the other. They were moving against us for a time; probably they about balance now. We are over $100 million better off in our trade with the United States than we were at this time last year.

Mr. MERRITT: As I understand it, the minister has given us only one mechanism he has employed, namely, by giving firms which can export an additional quota of United

States dollars so that they can buy goods to remanufacture. Does that represent the total government influence on the positive side of this program? Is the minister not following any other policy to stimulate those exports? For instance, it is suggested in the *Financial Post* of recent date that the government has in mind a much wider reciprocal trade deal with the United States. The particular passage I have before me goes so far as to say: "The next step unofficially announced as government policy is to negotiate a much wider reciprocal trade deal with the United States directly." I should have thought there would be something more than relief from one of the restrictions as the positive side of this policy. I would ask the minister to comment on what I have said, and to say what is proposed for the future, if he has anything in mind.

Mr. HOWE: Duties are adjusted from time to time. There have been reductions on base metals going into the United States. Nothing in the nature of a reciprocal deal has been worked out, but we are stimulating trade where we can, and stimulating exports where we can. I mentioned aluminum. A very large contract was made by the Aluminum Company of Canada to supply aluminum for the United States. Our nickel companies have large contracts with the United States. Both nickel companies are expanding their production in an endeavour to meet contracts that have been made in the United States within recent months. The point is that we are stimulating exports wherever we can and by whatever means. Our program for curtailing imports is working fairly well, and a combination of the two is producing United States dollars and is tending to pull us out of our balance of payment difficulty with the United States.

Mr. MERRITT: I understand that the minister could attempt to stimulate exports by exhorting the Canadian businessman to try to channel his trade that way—

Mr. HOWE: We have not attempted to channel trade. Our efforts have been directed to obtaining more exports.

Mr. MERRITT: To the United States.

Mr. HOWE: To anywhere; it is all the same.

Mr. MERRITT: The minister might appeal to the Canadian businessman, and I would approve that, to try to find sources of raw materials in Canada which had previously been imported; but I have not heard the minister say anything about any concrete government policy that he has adopted as part of a positive program. I remember when he was stimulating building materials he had the idea of double depreciation to those who increased the size of their plants producing bathtubs and things like that. Is the government taking any steps, by way of fiscal policy, if you like to call it that, to induce Canadian manufacturers to develop Canadian sources of supply or to set up new industries to supply wants which previously were supplied by other countries? Is there no thought of some definite government policy which would be of assistance in getting additional exports, or is it simply a matter of calling the seriousness of the situation to the attention of Canadian businessmen and hoping that they will, as they probably will, do a good job? Has the minister the details of any specific things the government has done?

Mr. HOWE: If my hon. friend will examine the act under which we work he will notice that we have the power to say whether a man can have his source of supply in this country or whether he may import his raw materials or semi-finished parts. We are using that power actively. A man must show good reason why he should import before he is given an import permit. If it is possible to get what he wants in Canada he is required to do so. Naturally the demand for new products is causing new plants to open. There has been a great expansion of parts manufacturing in the country, and expansion is still continuing. Firms which are large importers are constantly looking for new sources of supply.

Mr. MERRITT: It really comes down to this. The minister is using his restrictive program to try to stimulate a productive program.

Mr. HOWE: Certainly.

Mr. MERRITT: That is the extent to which there is a positive program?

Mr. HOWE: I wish my hon. friend would not put words into my mouth.

Mr. MERRITT: I was just asking the minister.

Mr. HOWE: I have given several examples of what we are doing. We are finding new markets; we are inducing shippers to find new markets and we are aiding them in every way. The point I make is that it is working. I think that is disappointing to my hon. friend, because it was freely predicted that the program would not work. But it is working;

we hope it will continue to work, and we believe that we shall be out of the restrictive phase in a foreseeable time.

Mr. MERRITT: A matter of months.

Mr. HOWE: There have not been so many months. When my hon. friend says there is only one way, I tell him that we are acting in many ways.

Mr. MERRITT: Of course the minister is quite wrong in stating that I would be disappointed if he were not successful. As a matter of fact, I would be most delighted if he were successful. I will say to him that from the beginning of the session in December we on this side were sceptical as to whether there was a positive side to the government's program to conserve United States dollars. We heard vague references made in speeches of the Minister of Finance and of the Minister of Trade and Commerce to the constructive side of the program, but we have never seen it in concrete form. I was giving the minister an opportunity to let the committee know what the concrete form of this constructive policy is.

I have asked the minister these questions, but he could have avoided any questions from me by making a statement on the matter. I think I was pretty close to giving a fair summary of the whole constructive policy in the conservation of United States dollars when I said that it sounded to me like being simply the use of import restriction measures to try to stimulate production in other ways. I think we see tonight that the government have no constructive policy for the building up of our United States exchange reserve and that our suspicions right from the beginning of the session that it was just a figure of speech are borne out.

Mr. TIMMINS: Let me deal with the same subject in another way. In January, 1947, the Department of Trade and Commerce put out a booklet on foreign trade, a copy of which I hold in my hand. That received a fine reception from industrialists and manufacturers and exporters throughout Canada. I sent out quite a number of them to industries in my district and received some nice replies. However I think I should pass on to the minister one reply that I received.

They said there were a lot of pictures of commissioners, a lot of pictures of commodities and pictures of other parts of the world, but they wanted to know if it should not go a great deal farther. They wanted to know whether these commissioners in the various parts of the world should not be doing more to see that their products were being sold in the countries in which they were located. That presents the other side of this control business.

As the minister said a while ago, one principle of ERP is that soft currency countries should trade among themselves; in other words, they should pull themselves up by their own boot-straps, that they should go into production themselves. We in Canada, not having our full share of United States dollars, should as much as possible trade with those countries and trade would thereby be stimulated. However we cannot get into a number of the sterling area countries which are dependencies and dominions of the United Kingdom, because they have import controls similar to our own.

The suggestion has been made by industrialists that our trade commissioners in sterling area countries should busy themselves to expedite the negotiation of reciprocal trade arrangements. The minister has stated that the principle of ERP is to expand trade among countries which cannot otherwise help themselves; and I should like to know what, if anything, has been or can be done by Canada to work out reciprocal trade conventions with those countries which have shut their doors to our products.

Mr. HOWE: I do not know what my hon. friend understands by reciprocal trade agreements. We are a party to multilateral trade agreements worked out at Geneva.

Mr. TIMMINS: Geneva does not shut us out from bartering, as I understand it.

Mr. HOWE: Canada barters frequently. Canadian firms barter with firms abroad.

Mr. TIMMINS: I suggest that the Department of Trade and Commerce, who are in this thing up to their neck, ought, through their trade commissioners, to perform greater service, because whatever stimulus can be given to our trade will help us to get away from controls all the faster.

Mr. MERRITT: I did not get an answer to my question about the statement in the *Financial Post* to the effect that it is now officially government policy to negotiate much wider reciprocal trade deals with the United States directly. Is that or is it not government policy at the present time?

Mr. HOWE: We hope to do it in time, yes. I am simply pointing out that there is nothing to announce at the moment.

Mr. MERRITT: I would ask the minister a question with regard to the recent action of the United States congress in refusing to extend their reciprocal trade agreements act for a

period of three years and the rather restrictive way in which they dealt with the President's powers to reduce tariffs. I have a press clipping here from Washington—

Mr. HOWE: Mr. Chairman, what has this to do with the Department of Trade and Commerce? Surely we have no control over the action of the United States congress.

Mr. MERRITT: This is an important matter of trade.

Mr. HOWE: We know about it, but what can we do about it?

Mr. MERRITT: If the minister will allow me to ask my question, which is pertinent, he may understand. This clipping, after enumerating the changes made in the act, goes on to say that if the Republican party is returned to power in the forthcoming election—

The DEPUTY CHAIRMAN: Order. That has nothing to do with this item at all.

Mr. MERRITT: Mr. Chairman—

The DEPUTY CHAIRMAN: Order. It is entirely out of order to read the quotation on an item of this kind.

Mr. MERRITT: With great respect to you, Mr. Chairman, you have not heard my point. It is necessary for me to read the quotation—

The DEPUTY CHAIRMAN: My hon. friend knows it is not in order to read articles commenting on anything taking place in this house.

Mr. MERRITT: Mr. Chairman, this article does not refer to anything taking place in this house.

The DEPUTY CHAIRMAN: If it has nothing to do with what is taking place in this house the hon. member should not read it. It is out of order.

Mr. MERRITT: I must say you have got me there, Mr. Chairman. But this press clipping does not refer to anything that is taking place in the house.

The DEPUTY CHAIRMAN: Order. I would remind the hon. member that I have sat in this house for a number of years, and I heard the then prime minister back in 1935 insist that no article or newspaper item could be read affecting the 245 members of the house, and the then Speaker ruled such quotations out of order. How can we make any progress in dealing with this item by referring to something taking place in congress or reading an article dealing with the action of congress? I submit that we have had quite a long discussion on this item of departmental administration, and I am going to ask the committee if they want to carry the item. If one or two members insist that it should not be carried, the other members of the committee have the right to say whether it shall be carried or not.

Mr. MERRITT: That sounds to me, with great respect, Mr. Chairman, like a closure rule.

The DEPUTY CHAIRMAN: Order. It is much worse for one member to insist on holding up an item and getting into an argument that is not pertinent than it is for me to submit to the whole committee whether it wants this item carried or not. Surely my hon. friend can see that that is the democratic way of dealing with the business of the house.

Mr. MILLER: On a point of order, Mr. Chairman, surely you cannot insist on a vote being taken when the members have not exhausted their desire to speak on this question.

The DEPUTY CHAIRMAN: I can assure my hon. friend that that has been done. When one member insists that an item be not passed the Chairman can submit the question to the committee as a whole whether the item should carry.

Mr. MERRITT: Mr. Chairman—

The DEPUTY CHAIRMAN: Order. I am answering the hon. member for Portage la Prairie and pointing out that that is the situation.

Mr. HARKNESS: Mr. Chairman, not only one member but several members, four or five members right here, and I do not know how many elsewhere, want to discuss this item further.

Mr. MERRITT: I am afraid I shall have to be the judge of whether I am unduly taking up the time of the committee. I made it perfectly plain when these estimates first came before the committee that if the minister would do what we expected him to do, and what has been done by many ministers in introducing their estimates, that is, make a general over-all statement, we would not have to go through this tooth-pulling business to extract information, and I am quite satisfied to take my own responsibility as to whether I am unduly delaying the committee.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MacNICOL: Mr. Speaker, before you leave the chair and before the minister announces the order of business for Monday, may I repeat what I said a few moments ago that on Monday eighty-two members of this house will be or should be back home voting, and since I and a number of others would like to say a word or two about some of the items in Reconstruction estimates, may I ask the minister not to call that department on Monday?

Mr. FOURNIER (Hull): On Monday we shall take up the budget bills, the second readings of Bills Nos. 330, 331, 332 and 333, and then go into supply and take up justice, Secretary of State, and transport.

Mr. CHURCH: What about holding over justice?

Mr. FOURNIER (Hull): I have tried my best to meet the wishes of the opposition to have justice taken up on Monday. If they cannot agree among themselves, I cannot do any better.

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

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

POST OFFICE DEPARTMENT

309. Departmental administration, $1,096,287.

310. Post offices, including salaries and other expenses of headquarters and staff post offices and supplies and equipment for revenue post offices, $33,044,877.

311. Inspection and investigation, $1,337,861.

312. Railway mail service, $15,446,980.

313. Air and land mail services, $18,443,630.

314. Audit of revenue, money order, postal note and savings bank business; issue of postage stamps and postal notes, $2,105,284.

Pensions and other benefits—

315. To provide for the payment of compassionate allowances to employees injured while in the performance of their duties or to other persons injured while performing duties in any way connected with the postal service, or in protecting His Majesty's mails, or to the dependents of such employees or other persons who may be killed while so engaged; payments to be made only on the specific authority of the governor in council, $5,000.

HOUSE OF COMMONS

Monday, June 7, 1948

The house met at three o'clock.

THE KING'S BIRTHDAY

Right Hon. W. L. MACKENZIE KING (Prime Minister): As today has been set apart for the celebration of His Majesty's birthday in Canada, I would suggest that, before beginning the day's proceedings, hon. members rise and sing God Save the King.

The members rose and sang

God Save the King

CRIMINAL CODE

AMENDMENTS WITH RESPECT TO DEFAMATORY LIBEL, CULPABLE HOMICIDE, ETC.

Right Hon. J. L. ILSLEY (Minister of Justice) moved for leave to introduce Bill No. 337, to amend the criminal code.

Mr. KNOWLES: Explain.

Mr. ILSLEY: Mr. Speaker, this bill contains forty-six sections, some of them merely correcting errors, some of them improving language, it is hoped, and some of them making relatively unimportant changes in procedure. There are, however, at least half a dozen sections of considerable importance. One is the section providing that the rules relating to place of trial of a defamatory libel published in a newspaper are to be made applicable to the place of trial of a conspiracy to publish a defamatory libel. Another provision is to the effect that the term "culpable homicide", instead of including as at present only murder and manslaughter, is to include a third offence to be known as "infanticide".

Another provision is that there shall be a minimum penalty of one year's imprisonment for stealing from the mails. Then there are amendments to prevent the fraudulent manipulation of transactions on stock exchanges, and otherwise to facilitate the curbing of security frauds.

Part XVI of the code is completely withdrawn and changed in important respects. The changes are so important that it would not be prudent to bring the new part XVI into force on the passing of the act, and therefore it is proposed that it come into force on the first day of October, 1949. The reasons for that postponement will appear when the bill is discussed.

Provision is made for a jury trial continuing by consent of both the crown and the accused, even though one or two jurors, through illness or other causes, are unable to continue to act.

Provision is made for indeterminate sentences of not less than two years upon the trial of persons charged with certain sex offences, if these persons are found to be criminal sexual psychopaths.

These, I think, are the most important amendments. Perhaps there are other amendments which will strike some hon. members as having considerable importance, and which can be discussed at a later stage.

I should like to say also that no attempt has been made to amend the gambling sections, although we have had strong representations, particularly from the attorney general's department of the province of Ontario, in favour of so doing. It would be idle for me to deny that the gambling sections need amending, but the only province that has made definite and comprehensive proposals for amendment is Ontario. In a matter of this importance it was finally decided that the suggestions of the attorney general's department of the province of Ontario, together with the modifications of these suggestions suggested by the Department of Justice, should be laid before the commissioners on the uniformity of legislation, criminal side, next August for their consideration so that the views of all the departments of the attorneys general in Canada might be obtained before amendments are introduced. It is realized that this delay will be a disappointment to the department of the attorney general of Ontario, but, on the whole, it seemed to be the wisest course to take in the circumstances.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READING—SENATE BILLS

Bill No. 336, for the relief of Paul Charbonneau.—Mr. Maybank.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*IMMIGRATION—BRITISH VETERANS AND DEPENDENTS

Mr. CHURCH:

1. Will anything be done this session by way of providing free passages for British ex-servicemen and their dependents who wish to settle in this country on the same basis as the Australian government is now doing?

2. Will any action be taken in the matter, and an announcement be made before the house concludes this month for the year?

Mr. MacKINNON: This deals with a matter of government policy. The decision, if any, will be announced in due course.

Mr. SPEAKER: Answered.

CANADIAN ARMED FORCES—PAY, PENSION AND INCOME TAX

Mr. HERRIDGE:

1. What is the monthly basic pay for single (a) army privates; (b) ablebodied seamen; (c) aircraftman 1?

2. What is (a) monthly pension deduction; (b) monthly income tax deduction from each of the above?

3. On what basis is income tax collected?

Mr. CLAXTON:

1. (a) Private (monthly) $58 on entry; $62 trained; $69, 1st class. (Relative ranks: Navy—Ordinary seaman; Air—Aircraftman 1st and 2nd class.)

(b) Able seaman (monthly) $69. (Relative ranks: Army—Lance corporal; Air—Leading aircraftman.)

(c) Aircraftman 1st class (monthly), $62. (Relative ranks: Navy—Ordinary seaman; Army—Private.)

2. (a) Private (monthly), $6.71 on entry; $7.56 trained; $7.98, 1st class. Able seaman, $7.98; Aircraftman, 1st class, $7.56.

(b) Private (monthly) $2.80 on entry; $3.20 trained; $4.30, 1st class. Able seaman, $4.30; Aircraftman, 1st class, $3.20.

3. Income tax is deducted at the source on the basis on Department of National Revenue table of income tax deductions.

QUESTION PASSED AS ORDER FOR RETURN

UNITED NATIONS—COST OF CANADA'S PARTICIPATION

Mr. CHURCH:

1. What was the total cost to Canada for its participation in the world conference at San Francisco?

[Mr. Ilsley.]

2. What has been the total cost to Canada of the united nations organization at Lake Success for (a) capital account; (b) maintenance by years; (c) the total cost by years of Canada's representatives there (permanent and temporary) and of all delegations to it?

3. What sums of money were spent on entertainments, hotel bills, dinners, banquets and other forms of entertainment for each year at the united nations organization at Lake Success?

4. Who composed these delegations each year, what were their expenses, and who appointed them?

FLOOD CONDITIONS

BRITISH COLUMBIA—DAMAGE TO TRANS-CONTINENTAL RAILWAY LINES

On the orders of the day:

Mr. J. L. GIBSON (Comox-Alberni): Mr. Speaker, I should like to direct a question to the Minister of Transport. I sent him notice of it on Friday last. Can he make a statement as to the probable extent of the damage to the trans-continental railway lines through British Columbia, and when it is expected that rail communication will be re-established with the Pacific coast?

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Speaker, I am able to make a statement concerning the two railways, the present condition of their lines, and the extent of damage to each.

The management of the Canadian National Railways inform me that on the line to Vancouver communication has been re-established as far west as Boston Bar. The expectation is that emergency restoration on the line as far west as Hope will be completed by June 10. Intermediate communication is being established at Hope in the expectation that emergency restoration from Hope to Chilliwack will be completed by June 8. Thus, by the combination of forces working concurrently west from Boston Bar and west and east from Hope, it is expected that communication as far west as Chilliwack will be completed by June 10. The line beyond Chilliwack to Port Mann is still inundated, and it is quite impossible to forecast the extent of damage in this section and the probable date of restoration of the line.

On the Prince Rupert line, Canadian National communication will be re-established as far as Tatlow, which is six miles east of Smithers, by tomorrow. With restoration of damage at Tatlow by about June 10, the line will be open as far west as Kitwanga, which is seventy-three miles west of Smithers. Concurrently, working crews from Prince Rupert have reached Salvus, sixty-five miles to the east. The condition of the section from Kitwanga to Salvus is still indeterminate, especially

because of conditions immediately west of Kitwanga which appear to be serious. More definite predictions as to the reopening of the line through to Prince Rupert will depend on more detailed inspection and the more authentic information as to conditions between Kitwanga and Salvus. It is not possible at this time to estimate the cost of restoration work, but we know it will be heavy and will probably involve several millions of dollars.

I am advised by the president of the Canadian Pacific Railway that they are hopeful of having, and expect to have, a complete line to Vancouver by June 15, with a complete restoration of service shortly thereafter. The line from Calgary to Hope is expected to be open any time now, and if the highway from Hope to Vancouver is opened to traffic, it would then be possible to transfer passengers and their baggage from railway to buses at that point, thus providing a combination rail-highway service from Calgary to Vancouver early this week. The company at this time, without having received full engineering estimates with respect to certain parts of their line which are still badly inundated, estimate that the cost of rehabilitation of their lines in the British Columbia region will amount to slightly less than $1,000,000.

In conversation with the Canadian National this morning I was advised that their line is open as far as Kamloops from which point traffic is detoured to the Canadian Pacific line as far as Hope. Passengers, mail and express are then moved by highway from Hope to Vancouver. Yesterday the Canadian National transferred to highway services nine carloads of emergency food and supplies for Vancouver destination.

Both railways are endeavouring to ascertain that the Great Northern is in a position to handle Vancouver traffic before issuing instructions to reroute all of this traffic over the Great Northern.

Just before I came into the house I spoke to officials of the Canadian Pacific Railway, who report that 50 carloads of freight, including foodstuffs, have already been rerouted via the Great Northern to Vancouver. It is expected it will take seven days to reach its destination.

EXCISE TAX ACT

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the second reading of Bill No. 332, to amend the Excise Tax Act.

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

On section 1—"Minister".

Mr. DIEFENBAKER: Not having had anything to say on the budget, because I was absent when the matter was before the house, I wish to ascertain the minister's views on one question to which I shall refer now.

A major source of criticism on the part of the people at all times has to do with payment of taxes, and at the present time their complaints are certainly not unjustified. I realize, as the minister said in his budget speech, that the larger proportion of government expenditures consists of uncontrollable items. Social security items amount to 16·25 per cent of the total budget; veterans' pensions, 14·85 per cent; national defence, 8·87 per cent; interest and carrying charges on the national debt, 21·21 per cent. I feel that the time has come for the assumption by parliament of responsibility for the careful examination of expenditures. The suggestion has been made before, but in general terms. As I see the expansion of government expenditures from year to year, it occurs to me that the policy of the government is to spend and spend, and to tax and tax. Parliament has not taken a strong stand against over-expenditures; the result is the present situation.

If you look at *Hansard* over the last twenty-five years, Mr. Chairman, you will find that immediately before and after the first world war there was on the part of the House of Commons a definite desire to reduce expenditures and definite activity in the challenging of items that might be reduced; whereas in recent years parliament in the last two or three weeks of the session has passed innumerable items running into millions and tens of millions, without any examination whatsoever on the part of the house.

Throughout the country there is strong resentment against parliament because of its failure to reduce expenditures recommended by the government; for unless there is reduction in expenditure there will not be reduction in taxation. A number of years ago Sir George Foster, one of the most outstanding parliamentarians of his time—and his viewpoint was subsequently reinforced by an independent research investigation—suggested that there be set up a special house committee on estimates. Today we find ourselves in the position of making general attacks on every expenditure. Regardless of economic experimentation by theorists who advise the government, parliament accepts their suggestions and does little toward endeavouring to reduce expenditures. Two years ago Mr. Watson Sellar, the auditor general, asked for the setting up of special committees to comb the estimates—and I direct

attention to the word "comb"—before they are submitted to the house as a whole. I ask the minister if such a committee would not be helpful. The other day he told us that the treasury board discharges that responsibility. Indeed, if I remember aright what he said, he actually told the treasury board that only they would in the end determine the extent of expenditures and the economies that could be effected.

Mr. ABBOTT: No, I did not tell treasury board that. I told the various departmental officials coming in with their estimates.

Mr. DIEFENBAKER: Yes. That statement, made the other day, impressed me, indicating as it does that the House of Commons is not discharging its responsibilities. Here we have a statement by the Minister of Finance, after a year's experience in office, that the heads of departments alone act as a deterrent against over-expenditure, and that upon them alone it depends.

Mr. ABBOTT: Not upon them; treasury board is the only one that really scrutinizes the items.

Mr. DIEFENBAKER: I am not playing with words. I am stating in substance what the minister has placed before the house. I ask him whether consideration has been given to Mr. Sellar's suggestion and if so, why it has not been carried beyond consideration. Why should members of this house not be divided into committees, as suggested by Mr. Sellar, to the end that expenditures shall be reduced where they ought to be reduced. Unless something is done, there will be no improvement. If the heads of departments, as a result of the failure of the House of Commons to challenge the estimates, are unable to resist the demands made upon them, they are given an incentive to increase expenditures; they realize that the house as a whole will not challenge their recommendations to treasury board, which recommendations are passed on to the house.

On a previous occasion, when mention was made of a suggestion not the same as this, the minister passed it off in a manner which, while it could not be described as flippant, did not do justice to the seriousness of the problem. To continue to tax and tax—with the load that today rests on the person in the low-income brackets, caught as he is between the rising cost of living, about which little or nothing has been done by the government, and an income little increased since the end of the war—is a policy against which resentment is generally felt. We in this house should do our part to be of assistance to the minister in reducing unnecessary expenditures and preventing administrative officials from joining in what finally becomes an orgy of over-expenditure unless departmental officials and others feel that their estimates will be challenged by the house as a whole.

This is not a new suggestion. It was made as far back as 1910, when expenditures totalled about $100,000,000. Today, with expenditures amounting to many times that total, the necessity of some such action is even more apparent. In reading *Hansard* for those days, as no doubt the minister has, one is particularly struck by the fact that then, and indeed until about 1925 or 1926, the House of Commons as a whole in committee seemed to be seized of its responsibility toward the people to pare down if possible and challenge where necessary over-expenditure or over-generous expenditure.

Is the minister prepared to consider the setting up of committees along the lines suggested by Mr. Sellar? If he is, parliament would not have to sit as long, and the house would be discharging its major responsibility, that of acting as watch dog of the treasury. The advantage would pass to the taxpayers in the reduction of controllable expenditures.

Mr. ABBOTT: I did not want to interrupt my hon. friend, because I know he was not able to be here during the main budget discussion. It is customary to permit general remarks on the first section of a bill, but I think the ordinary rule is that they should relate to the bill in question rather than to broad topics. However, I did not interrupt my hon. friend because I realized that in the circumstances it was desirable for him to make his remarks; but I hope the practice will not be followed by other hon. members, and that my failure to raise any protest will not be treated as acquiescence in a complete revival of the budget discussions.

I should like to reply briefly to one point raised by the hon. member, in connection with the committees he mentioned. I have done so before, I think on an earlier occasion this session. I believe the view I expressed was that the creation of functional committees of the kind is foreign to our parliamentary system. Whether or not that is true, my personal view is that the job of scrutinizing the detailed estimates is one which should not be delegated to a small committee of the house. Traditionally this House of Commons has considered it to be its right to discuss each item of the estimates. As I said before, my own experience has been that discussion does not always relate directly to the item of expenditure which is under consideration, but frequently to general matters

having to do with the department. I may be wrong, of course, but I question very much whether the adoption of the system which has been suggested by Mr. Sellar, high though my respect is for that very capable official, would result in any reduction in expenditure. After four or five years of close association with the Department of Finance I have come to the reluctant conclusion that the only real check on expenditures lies with the Minister of Finance first, and the treasury board second. I hope I am wrong in that, but I do not think I am. Human nature being what it is, I believe the general tendency on the part of members of parliament and a great many others is to be generous with the public money. They know the Minister of Finance has to be tough in these things, and that treasury board has to look pretty carefully at the larger expenditures; and in my not too lengthy experience here I have not heard many suggestions for a reduction in expenditure.

I do not believe the formation of such committees would really produce the result I know we would all desire, the elimination of unnecessary expenditures. I am afraid that is a responsibility which must be assumed primarily by the government, with parliament discharging its traditional responsibility by looking at the items of expenditure and deciding whether or not it wants to approve them.

I point out, too, as I have done before, that the estimates are brought down early in the session, with itemized details showing exactly how it is proposed that the public money be spent. These are before the house for months. It is true that in some respects the formality of passing some of the expenditures item by item is left until late in the session, but that does not mean every member of the House of Commons has not ample opportunity to give careful scrutiny to all proposed expenditures.

I am completely out of order in discussing this matter here, I am afraid; but since my hon. friend brought it up, and since it is a very important question, I felt that I should be permitted to answer his statement.

Mr. HACKETT: I should like to add just a few words at this point concerning a matter on which I have said something on two or three previous occasions. The day will come when spending on the basis on which it is now proceeding will come to an end. I do not think there is any doubt about that. At present we are indulging in the experiment of management, and for the time being we are producing that which enables us to spend accordingly; but some day soon a re-establishment of real values will take place. When that day comes, reductions in taxation will have to be made; and I am asking the minister, as I did the other night, to set up a committee or to cause his officials to study the matter with a view to bringing about reductions without great and irreparable loss. When taxes are imposed on commodities, they are collected and received by the government. When taxes are taken off, however, the purchaser or consumer will not pay them, even though they may have been paid by the manufacturer or importer. I suggest to the minister that it is the part of prudence and justice to examine carefully the procedure which should be followed when war taxes are abandoned, as they must be, in order that their abandonment may not cause grave and unnecessary harm to the people who paid them in the first place and who must recoup themselves or be greatly injured. I would therefore ask the minister to have the question examined by his departmental officials and, if possible, to provide an opportunity to members to assist the government in the study of a measure which is bound to have such far-reaching consequences.

Mr. ABBOTT: May I again point out that there is little use in setting up a committee of the house to revise the rules if we are not prepared to stick as closely as possible to the rules we already have. I submit it is completely out of order to discuss topics relating to general taxation when we have before us section 1 of a bill to amend the Excise Tax Act. I would ask hon. members to co-operate in this regard and to stick to the section. We have had a pretty full discussion on general topics.

The ACTING CHAIRMAN (Mr. Mutch): When the minister rose I was on the point of saying that this discussion has been of a general nature, and that a general debate on the budget is not in my view permissible in respect of this specific bill. I have desired not to be hasty, but the statement I have made indicates no temerity on my part. Shall section 1 carry?

Mr. DIEFENBAKER: No. With all due respect, we are discussing taxation. This bill has to do with amendments to a taxing act known as the Excise Tax Act. When the minister talks about getting along, may I point out to him that this year he has got along so fast that a record has been established. I believe that in the last twenty-five years no finance minister has had his budget resolutions considered as quickly as they were this year, having regard to the resentment felt by the people of Canada against high taxation.

Mr. ABBOTT: Order. Can we not abide by the rules of the house?

Mr. DIEFENBAKER: Since when has a minister been able to say that to condemn a government for high taxation, when a discussion of excise tax amendments is in progress, is against the rules of the house?

Mr. ABBOTT: I do not mind how much time we take, and I was endeavouring to be courteous. However I must insist upon strict enforcement of the rules. The rules with respect to consideration of a bill in committee are quite clear. Discussion must be relevant to the clause before the committee—not the whole bill, but the particular clause. By a sort of tradition, general discussion has been allowed on section 1. But that is only through tolerance; it has no support in the rules; indeed it is an infraction of them. I do not wish to raise any disturbance, but when my hon. friend asks me to be patient I would answer that I have listened without interruption; and I think, you, sir, should enforce the rules.

Mr. HACKETT: Let us not get into a discussion about how we are going to proceed. We are anxious to get on with the work, and the best way to get on with it is to proceed in the manner to which we have become accustomed. Discussion of the general terms of a bill has always been allowed on the first section. If the minister would smile, perhaps we would get on faster.

The ACTING CHAIRMAN (Mr. Mutch): The rule respecting speeches in committee is clear. Throughout this session a serious attempt has been made by the committee of the whole to get back to something more closely resembling the rules than the practice which prevailed during the difficult war years, when general discussion was permitted to a greater extent. As hon. members are aware, I do not ordinarily preside over the committee, and for that reason I hesitated at the beginning to rise or to interrupt, or to have my first words a reference to the rules. The rule, however, is specific in this matter, and if I am required to do so I shall have to rule to enforce it.

Mr. ABBOTT: Mr. Chairman, I am usually pretty fair in these matters. In my earlier remarks I appealed to the committee to stick as closely as possible to the rules. I would ask hon. members not to renew the budget debate. It would be completely out of order. We have set up a committee to revise the rules of the house. We have a clear cut rule already established, the infringement of which is one of the greatest time-wasters in the carrying on of business of the house.

[Mr. Abbott.]

Mr. DIEFENBAKER: That committee is getting on about as fast as we are.

Mr. ABBOTT: That is right.

Section agreed to.

Section 2 agreed to.

On section 3—Tax on matches.

Mr. PROBE: The revision of the excise tax structure on matches brings up the question whether matches are bearing an undue proportion of the revenue load the government derives from various sources. Matches are not a luxury item in most homes. Those of us who smoke might be considered as contributing an extra quota because of the number of matches we burn when smoking our pipes.

Mr. McCANN: Try smoking tobacco.

Mr. PROBE: The fact is that it is a necessary commodity and should not be subject to so high a tax. Will the minister tell the committee what revenue was derived in the past year from the excise tax on matches, and what is the administrative set-up by which the tax is collected? Most match packages do not bear a revenue stamp which is affixed, but have a stamp printed on them. There must be some process of checking up.

Mr. ABBOTT: The revenue in the last year from the match tax was $3,499,661. The tax is collected on domestically produced matches by means of an imprint on the container. This is placed on by a machine, to which is attached a tabulator which keeps count of how many times the printing operation is repeated. On imported matches an adhesive stamp is attached to the box. I suggest therefore that the process of collecting the tax accurately is an efficient one.

Mr. LOW: Does the minister mean to say that we import matches?

Mr. ABBOTT: I do not know that we do at the present time, but in the past we have imported them from Sweden. On these, stamps were affixed.

Section agreed to.

On section 4—When tax not payable.

Mr. GIBSON (Comox-Alberni): This is an instance in which a tax is being reduced. Will this saving be passed along to the consumer, or is it something the provincial governments will absorb in their liquor stores, with prices kept the same?

Mr. ABBOTT: I am told that in fact this is a tax which has not been collected. It has been remitted. This section is to make the law conform to what has been happening for some time.

Section agreed to.

Section 5 agreed to.

On section 6—Certificate before distribution of assets.

Mr. DIEFENBAKER: What does this section, as revised, mean?

Mr. ABBOTT: I am told it is more in the nature of a drafting change. As my hon. friend will see from the explanatory note, part XV of the act is to be repealed, and it was considered that the section should be brought up to date and other parts brought under its provisions.

Mr. DIEFENBAKER: What are the other parts?

Mr. ABBOTT: They thought it advisable to provide that parts could be added to or taken from this act without having to change this section each time such a change was made. It is more in the nature of a drafting change than a change in substance.

Section agreed to.

On section 7—Prosecutions.

Mr. DIEFENBAKER: The same applies here?

Mr. ABBOTT: The same applies here.

Section agreed to.

Sections 8 and 9 agreed to.

On section 10—Tariff board to settle doubts and differences.

Mr. HACKETT: Will the minister explain the meaning of the second subsection and state whether or not there is an appeal from the declaration of the tariff board?

Mr. ABBOTT: I am informed that that question has never been raised departmentally and I am afraid I am not in position to answer it offhand. One of the principal purposes of amending section 10 is to remove the word "war". The new act is to be known as the Excise Tax Act instead of the Excise War Tax Act. In section 115 the reference to the board of customs is deleted, because it was replaced a good many years ago by the tariff board.

Mr. HACKETT: I have become accustomed to seeing orders in council take on the power and effect of statutes, but it has never before come to my attention that an independent irresponsible body named as the tariff board is named has the power to enact legislation which is the law of the land to the same extent as if a bill had been brought into the house, debated, read three times, passed and sent to the senate and finally given the royal assent. Of course I may not be fully informed, but this is a startling provision because it says that a declaration by the tariff board under this section shall have the same force and effect as if it had been sanctioned by statute. I am aware that a declaration by the board of customs had a somewhat similar effect, but the board of customs was a slightly different organization, and I believe there was always an appeal from that board.

Mr. ABBOTT: Of course whatever remedies there are would lie here. The board of customs was replaced years ago by the tariff board. As my hon. friend will see on looking at the section, it relates largely to an interpretation of descriptions in the tariff schedule. The tariff board may declare what amount of tax is payable thereon, or that the article is exempt from tax under this act. Before the creation of the tariff board apparently that was the function of the board of customs, which consisted of officials in the government service. For many years past—since 1933 at any rate—the responsibility for performing these functions has been vested in the tariff board. I am informed that this is simply to bring the law into conformity with what has been the practice during those years.

Mr. SMITH (Calgary West): I should like to know how this will work out in a practical way. As I understand it, when there is doubt or dispute with respect to the amount of duty to be paid on any article reference is made to the tariff board, which may in its uncontrolled discretion make a declaration as to the result, when—and I quote from the section:

—there is no previous decision upon the question by any competent tribunal binding throughout Canada.

I do not know what that means. It cannot mean any of our courts except the Supreme Court of Canada. I should like the minister to explain that.

Mr. ABBOTT: Perhaps we could let this section stand. I have asked the commissioner of tariffs to come down.

Mr. SMITH (Calgary West): Suppose I bring an article into Canada and I am told by the customs officers at the boundary that the duty is $100. I do not think it should be that, so I come within the section because there is disagreement as to the amount of

the duty. The only way I can get the article into Canada is to pay the $100 on the barrelhead. I take it that I then go to the tariff board and say, "I have paid $100; I think the amount of duty should be only $50, and I want you to decide." I hope I am right as to the matter of procedure so far as I have gone. Is there any provision in the act which, granted that I succeed and the tariff board says the duty should be $50—

Mr. ABBOTT: This relates to excise tax, not customs duties.

Mr. SMITH (Calgary West): Let us say excise then; the case would still be the same. Is there any provision in the act for the return to me of the $50 which I have overpaid?

Mr. ABBOTT: I am told that there is.

Mr. SMITH (Calgary West): There should be a specific provision. I want to avoid the difficulty the ordinary man would have in dealing with the crown through his inability to bring an action to get his money back. Would the minister mind pointing out the section?

Mr. ABBOTT: It is section 105. Would the hon. member like me to read it?

Mr. SMITH (Calgary West): Is it a long section?

Mr. ABBOTT: Yes; it has seven subsections. Section 2 relates to refunds of taxes, and reads as follows:

> A refund of taxes paid under Part X, XI,, XII, or XIII of this act may be granted to a manufacturer, producer, wholesaler, jobber or other dealer on goods sold to His Majesty in right of any province of Canada if the said goods are purchased by His Majesty for any purpose other than . . .

Then it gives the purposes. Section 4 reads:

> A refund or deduction of the amount of the consumption or sales tax may be granted . . .

Mr. SMITH (Calgary West): These are all refunds.

Mr. ABBOTT: I had not read the section before. The section reads:

> A deduction from, or refund of, any of the taxes imposed by this act may be granted:
> (a) where an overpayment has been made by the taxpayer.

Just as a matter of historical information, may I say I am told that subsection 2, which we are now discussing, has been in the act since 1917. It was put in in 1917 and the only change here is that the tariff board was substituted in 1933, as the hon. member for Stanstead will recall, for the board of customs. The tariff board is now the tribunal to decide whether refunds may be made.

Mr. HACKETT: I began my question by asking whether there was an appeal. I understood that there was not. I am going to ask the minister to bear with me just a moment while we consider section 115, which reads as follows:

> Where any difference arises or where any doubt exists as to whether any or what rate of tax is payable on any article under this act and there is no previous decision upon the question by any competent tribunal binding throughout Canada, the tariff board constituted by the Tariff Board Act may declare what amount of tax is payable thereon or that the article is exempt from tax under this act.

Then follows the section which says that the declaration of the tariff board has the same effect as a statute. What happens when there is a dispute as to whether or not there is a previous decision? My hon. friend, who has spent long years before the courts, knows that sometimes lawyers cannot agree whether a case is pertinent or not, whether it applies or not. Even courts have been known to disagree as to whether or not they are bound by a certain decision. Who is to be the arbiter in these cases? Is the tariff board to determine once and for all, and beyond all possibility of appeal, that a case does not apply, when others, possibly entitled to an opinion equally respectable, feel that it does?

Mr. ABBOTT: That is an interesting question. I have never considered it before, and the senior official of the Department of National Revenue, who is sitting in front of me, tells me it has not come up. My opinion, for what it is worth, would be that the question whether or not there has been a decision by a competent tribunal is a question of fact; and if the tariff board, or any other body, purported to declare that there had not been when in fact there had been, then clearly there would be an appeal from that finding, I would think. But I am talking at odds. It is a question of fact as to whether there has been a decision.

Mr. HACKETT: I think it is a question of law. Would the minister not go so far as to say that it is a mixed question of law and of fact?

Mr. ABBOTT: That may well be.

Mr. SMITH (Calgary West): I want to know who this competent body is. I asked that a moment ago. Who is the competent body that is going to set this precedent?

Mr. ABBOTT: I am afraid I cannot answer that question at the moment. The exchequer court is the body which in general deals with all appeals on matters of the kind. As I say,

this section has been in the statute for thirty odd years. Perhaps the question should have been raised before. It was enacted by a government of which my hon. friend was a supporter. The tariff board was substituted for the board of customs in 1933 when my hon. friend's party was in power. There is no change in the law. The same body has the power to declare that it shall have the same force and effect as if it had been sanctioned by statute—that has been in the law for a long time—instead of a board of officials. It is now the tariff board. As to the question whether there is an appeal from that tribunal, I would have to give it consideration. I am afraid I cannot answer it at the moment. It is an interesting question, and frankly it has caught me by surprise.

Mr. DIEFENBAKER: The minister says that this provision has been in the statute for a long time. It is illustrative of the removal by administrative bodies of the right of the individual to recourse to the courts in order to protect his rights. The tendency in that direction has been accelerated during the last few years. Up to 1923 there were three or four statutes which denied the individual the right of recourse to the courts. Since then they have been increased in number, to an extent not known in any other of the British dominions. As a matter of fact it was the denial of the right of the individual to recourse to the courts that caused Mr. Justice Angers of the exchequer court to make a protest against the infringement by the executive on the rights of the judiciary.

Mr. ABBOTT: This is not an action of the executive.

Mr. DIEFENBAKER: No, but it is the type of legislation to which Mr. Justice Angers made reference in these words:

> There are, in my judgment, far too many encroachments from ministers, deputy ministers and functionaries in the judicial as well as the legislative field.

In the last few years statute after statute has been enacted which has placed the average citizen in such a position that he may be ordered, directed or pushed around by administrative officials, while at the same time he is denied the right to appeal to a higher authority to protect him from the actions of officialdom. As a matter of fact, the whole essence of the right of appeal is that the intemperate or arbitrary action of the crown, or its officials, shall be reviewed by the courts. This section in its present form simply means that whether a tax applies or not, whether under the law it can properly be applied, when the tariff board makes its declaration the matter is final, and regardless of the law, that declaration shall have the same force and effect as if sanctioned by statute. That is going a long way. It may have been on the statute book for years.

Mr. ABBOTT: Put on by a Conservative government.

Mr. DIEFENBAKER: No, put on by a mixture—and by the way, sir, this is the first time I have heard my hon. friend endeavour to get out of his responsibility by saying that what we have before us represents in part a statute passed by a Conservative government. Regardless of who put it on, or when, the present government, relying on one or two statutes passed prior to 1922, has accelerated the tendency in that direction. The result is that our statutes are replete with the type of legislation which denies to the individual the right of appeal to the courts that he may obtain the king's justice, that right being withheld regardless of unfairness or of the injustice that is done.

Mr. ABBOTT: Perhaps I should have pointed out that the taxpayer has the option of appealing to the tariff board or to the courts. He can take his choice. I had always understood that the tariff board was a semi-judicial body. If the taxpayer is dissatisfied with the ruling of the departmental officials he can appeal, I am told, to the courts or to the tariff board.

Mr. DIEFENBAKER: But the alternative is not provided by section 115. "Where any difference arises"—that would be as between the crown and the individual—"or where any doubt exists as to whether any tax is payable on any article under this act," then the tariff board may make its declaration. It not only exercises discretion in determining the rate of tax, which is administrative, but it also has the right to make a judicial declaration as to whether any tax is payable. That section provides two things: first, an administrative right, namely, the determination of the rate of tax payable where dispute takes place—and I can understand such an administrative board so determining; but it also has the judicial power of determining, regardless of the law, whether any tax is payable. In that case the decision is final, regardless of whether parliament ever intended that the item in question should be subject to tax.

Mr. KNOWLES: Mr. Chairman, may I say a word with respect to the issue that has been raised between the Minister of Finance and the hon. member for Lake Centre as to the origin of this piece of legislation. I do so by

quoting one sentence from the Regina *Leader-Post* of Tuesday, June 1, 1948, just a few days ago:

"I have been searching for a long time," said Mr. Embury, "for a difference in the policies of the Liberal and Progressive Conservative parties. I must confess that so far I have found none."

Mr. DIEFENBAKER: I appreciate the help from my hon. friend. Let me tell him this, that his government in Saskatchewan has accelerated the tendency shown by the present federal government, and over and over again denies an individual in that province the right to appeal to the courts against unfairness and injustice perpetrated by administrative officials.

Mr. KNOWLES: That is Tucker's line in Saskatchewan. You are all the same.

The ACTING CHAIRMAN (Mr. Mutch): Order. I should like to hear what the hon. member is saying.

Mr. DIEFENBAKER: I am glad my hon. friend brought that up.

Mr. LOW: Good help.

Mr. DIEFENBAKER: That does not apply, may I say to the leader of the Social Credit party in Alberta. In Saskatchewan, though, the socialists have taken advantage of the trend in this direction to deny the courts the right to decide the rights of the individual against the supremacy of the state—

Mr. LOW: That is right.

Mr. DIEFENBAKER: —to such an extent that an individual in that province may have a determination made against him by a body composed of party friends, and that individual, regardless of injustice done to him, is denied, under statute, any appeal to the courts of the land.

Mr. SMITH (Calgary West): I want to get on with my ideas about this section. I was hoping that it would not become political, but apparently the hon. member for Winnipeg North Centre (Mr. Knowles) insists on that. If we wanted to be smart we could say equally that we know of no difference between them and another party in this country, but I will not say that.

Mr. KNOWLES: This is one of your own men saying it, your own candidate in Regina.

Mr. SMITH (Calgary West): I know him very well and I knew his father before him, and if you had the brains that young fellow has you would go somewhere too.

Mr. PROBE: Where?

[Mr. Knowles.]

Mr. SMITH (Calgary West): I don't want to say where, because it would be unparliamentary.

Mr. KNOWLES: You're much better when you are funny.

Mr. SMITH (Calgary West): All right; let us get on with this. I am inclined to think the minister may have been wrong with respect to the advice he got as to the alternative procedure, but if he is right about that, then consider the anomaly that can be created. Assume that you go to the courts and they decide one way. The provincial court decides one way—

Mr. ABBOTT: It would have to be the exchequer court.

Mr. SMITH (Calgary West): Well, the exchequer court. Then you go to the tariff board, and you could easily get opposite decisions on the same matter. This act says that the tariff board's decision has the force of a statute. However, that does not matter much. The point I first raised was this. With respect to the return of money, would the minister have someone go through the section with a view to providing that where overpayment has been made it will be refunded forthwith, or something of the kind? If I am right, it might be worthwhile adding such a provision before third reading.

Mr. ABBOTT: I will have that looked into. I am told that under section 105, which I mentioned, refunds are made every day where taxes are paid in error. Section 115, which is not taken advantage of too often, relates to disputes as to interpretation of the statute in some cases, or the question whether taxes are really payable. I am assured that the taxpayer has the option of going to the exchequer court if he wishes to do so and fighting it there. He used to go to the old board of customs.

Mr. HACKETT: If the minister is sure there is appeal—

Mr. ABBOTT: I am assured by the officer in front of me, who has been in the Department of National Revenue for many years and has charge of this division, that that is and has been the practice. The taxpayer, if dissatisfied with the decision of the department, has the option of appealing to the exchequer court or of going to the tariff board. It used to be the board of customs. The main difference between the board of customs and the tariff board is that the board of customs was a purely administrative body composed of officials, whereas the tariff board is a semi-judicial body. I did not expect this discussion. The section has been in the act for thirty years, and has caused no real dissatisfaction, otherwise we

would have heard about it long since; and the purpose of the amendment was to make the wording of the law conform to what was the fact.

Mr. HACKETT: The minister recalls that the counterpart of this section in the Income Tax Act was taken before the courts and it went to the privy council. I am speaking of the Pioneer Laundry case, where the department was acting as court of appeal on an appeal from itself. The minister is familiar with the finding there.

Mr. ABBOTT: I know that case very well. That was an exercise of discretion.

Mr. HACKETT: By the same person who had rendered the judgment.

Section agreed to.

Section 11 agreed to.

On section 12—Parts repealed.

(Translation):

Mr. BEAUDOIN: With reference to section 12, can the hon. minister tell me if, to his knowledge, certain provinces have levied the taxes which are given up by the federal government through the repeal of Part XV and XVI of the act?

Mr. ABBOTT: Yes, some provinces have done so.

(Text):

Section agreed to.

Section 13 agreed to.

On section 14—Schedule III repealed and new.

Mr. ABBOTT: I would ask my colleague, the Minister of National Revenue, to move an amendment to insert the word "glucose" in this schedule. Glucose is used in the same way as sugar is used, and it seems appropriate to exempt that as well when used in jams or bakery products. It is used extensively in bakery products, which are being exempted from sales tax.

Mr. McCANN moved:

That schedule III of this act be amended by inserting in the second line thereof after the word "yolks" the word "glucose."

Amendment agreed to.

Mr. PEARKES: It is with regret that I notice that the act of last year still carries discrimination against a certain type of farm produce. I refer to the last section of the last paragraph on page 5, in which "farm produce sold by the individual farmer of his own production" is free from sales tax, with the exception of "flowers, flowering plants or bulbs" when the sales of such articles exceed $500 per annum. I submit that in certain parts of the country, particularly the district which I represent, flowers, flowering plants and bulbs are regarded as farm produce. The farmers are growing those plants and bulbs out of doors and shipping them to the markets of eastern Canada. To give some idea as to the extent of those shipments, at Easter time this year 72,000 dozen daffodils were shipped out in one week from the Saanich peninsula to eastern Canada. These articles are definitely farm produce. They are produced by literally hundreds of small farmers who grow either the blooms or the bulbs. These people feel that they are heavily discriminated against when these articles are regarded as the only farm produce which should be made subject to sales tax.

I know that during the war these things were regarded as a luxury. We have heard a great deal about other kinds of farm produce being luxuries, such as asparagus, tomatoes, and so forth. I contend that these flowers and bulbs which bring pleasure to thousands of invalids and decorate the churches of eastern Canada at their festivals, should no longer be put in a class by themselves. The amount involved is not large, but the tax causes a great deal of inconvenience to the co-operatives and bulb growers' associations in trying to sort out the produce that comes from the bigger and smaller farmers. I would ask for the total removal of this tax; but if a tax is necessary, could the amount of exemption be raised from say $500 to $1,000 a year? It would help a great many of these smaller farmers who grow flowers and bulbs out of doors. Will the minister give consideration to that?

Mr. ABBOTT: Yes. We considered again this year, Mr. Chairman, whether any change should be made in this sales tax exemption. Sales tax has been imposed on cut flowers and bulbs for a great many years. The exemption of $500 is in to take care of the small individual grower. Representations were made by the professional growers that it should be made still smaller—that it should be cut down to $100.

Mr. PEARKES: Those representations were made by the hothouse growers.

Mr. ABBOTT: By the growers, yes. They said that a great many veterans were getting into this business, not in a large way but in a fairly substantial way, and that the competition was keen from the ordinary farmer. They wanted it reduced. We decided against making any change. As the committee knows, the principal and virtually the only change in sales tax this year is in regard to staple foodstuffs. I shall be glad to take into

consideration the representations made by my hon. friend; and when a general revision of the sales tax schedules is being considered, I can assure him it will receive consideration.

Mr. ISNOR: I was on my feet when section 13 passed; perhaps the committee would be good enough to revert to that section. It deals with the 16-millimetre projector. The 35-millimetre parts are exempt as I understand it.

Mr. ABBOTT: Parts for the 16-millimetre projector are exempt, not for the 35-millimetre.

Mr. ISNOR: It is only the 35-millimetre which is exempt?

Mr. ABBOTT: No. I am told not. The 35-millimetre projectors are taxable, I am informed.

Mr. ISNOR: What is the position with regard to the 8-millimetre projector, the one that amateurs use? For educational purposes I believe it is of real value to us, in Nova Scotia. The use of the 8-millimetre projector in Ontario gives the people in this part of the country an opportunity to see the beauties of the maritime provinces. I have particularly in mind the 8-millimetre projector, the item that is exempted.

Mr. ABBOTT: No. The only exemption is on the 16-millimetre. I am advised that the reason was that the 8-millimetre projector is the amateurs' type. Broadly speaking, the 35-millimetre is the commercial type of projector. The 16-millimetre projector is the one that is used in churches, schools, and the like. It is for that reason that exemption was proposed for the 16-millimetre projector. It is a complete exemption. It does not involve only 16-millimetre projectors used in churches and schools although our information is that they are the major users of this type of projector.

Mr. ISNOR: I do not wish to pursue the matter further, because I did not get an opportunity to speak on the item when it was before the committee. But I feel that a great many more 8-millimetre projectors are used than 16-millimetre projectors. I would ask the minister to look into the matter.

Mr. ABBOTT: I will look into it for next year.

Mr. McLURE: In schedule III, section 14, at line ten, under "fruit, fresh, canned", and so on, tomatoes are included?

Mr. ABBOTT: That is right.

[Mr. Abbott.]

The ACTING CHAIRMAN (Mr. Mutch): We had not come to the consideration of the schedules. We are on section 14.

Mr. McLURE: The hon. member for Nanaimo was speaking on the schedule.

Mr. ABBOTT: Canned tomatoes would come under vegetables.

Mr. McLURE: That is what I should like to know, whether you consider a tomato a fruit or vegetable.

Mr. ABBOTT: I do not know that I have any strong views on the matter. I am fond of them. In any case, both fruits and vegetables are exempted here.

Mr. McLURE: As long as you have it in one way or the other, it is all right.

Mr. ABBOTT: We have.

Mr. McLURE: Of course a tomato is a fruit, not a vegetable.

Some hon. MEMBERS. No.

Mr. McLURE: Those who have studied botany will find that anything produced from a flower or a flowering plant, such as a tomato, is a fruit.

Mr. ABBOTT: A potato too?

Mr. McLURE: A potato is not a fruit.

Section as amended agreed to.

Section 15 agreed to.

On section 16—Schedule VI repealed and new.

Mr. PROBE: I want to state briefly my regret that the minister has not enlarged the exemptions under this section. We were talking about 16 millimetre projectors for use in schools, and that is the one point in the whole budget on which some of us should pay tribute to the minister for his generosity. I take this opportunity of thanking him for having listened to the representations made by some hon. members in that regard. In the schedule coming under section 16 there is a slight relief, in that the exemption is extended to cover certain types of watches used by railway men, watches designed for use by the blind—that is, Braille watches; alarm clocks selling for not more than $10, and plated tableware. These exemptions are now effective; but before this section passes I must say I feel the minister has somewhat gone back on the intention expressed when the legislation was passed during the war, placing a tax upon the business of the small independent jeweler, on whom I think it falls more heavily than any other class.

As has been pointed out by other hon. members, there has been a falling off in the business of these people which I think might have been avoided by a reconsideration of the items which should come under this 25 per cent tax. If the minister had considered exempting all articles sold for less than $5 or $10 in these jewelry stores he would have made it much easier for them to carry on, and there would have been much less cause for complaint.

There is the other point in this connection. His department has not evolved a foolproof scheme of collecting the tax. It is collected at the retail level, and there is opportunity for manipulation or evasion on the part of some dealers who may not be as scrupulous as most of them are.

I just want to put on record a final plea or complaint which I think represents the stand taken by most of these small independent merchants. This letter comes from one of them in my own city. I do not intend to mention his name, but he states:

> I was disappointed at the government not removing the 25 per cent tax on jewelry, silver hollow-ware, glassware, and many other lines in a jewelry store while they let many other luxury lines go tax free, such as oil paintings, expensive rugs, yachts, and many other lines.
>
> The jewelers of Canada realized that this original law was one of discrimination as a war measure, which was what we were told it was put on for, but, now that the war has been over for a few years we think that it should be removed. I hope you will do all you can to assist in its removal.

While I suppose it is too late for the minister to change his mind in that respect for this year, I want to tell him emphatically that he is making it very difficult for dealers in the smaller jewelry items. I have no quarrel with the 25 per cent tax on expensive items, but it is these $5 and $10 items that for these small people represent the difference between making a living and possibly going out of business. I want to repeat my protest in that regard.

Mr. ABBOTT: I shall take my hon. friend's representations into consideration.

Section agreed to.

On section 17—Coming into force.

Mr. SMITH (Calgary West): What is the reason for this date, May 19?

Mr. ABBOTT: This is the customary budget provision, that the new rates of tax or exemptions are effective the day after the announcement of the budget.

Section agreed to.

On schedule 1.

Mr. McLURE: I should like to refer to one item I am afraid I neglected when we were going through the sections; that is, internal combustion engines, traction engines and so on. Does this include engines for the boats of fishermen, or are they already exempt from taxation? It is a very important matter at the present time.

Mr. ABBOTT: I am told they are exempt under another section. The only change in the law here is with respect to a certain type of engine used in agricultural machinery, such as tillers, where the engine and the body and seat of the machine are all together. The exemption to which my hon. friend refers comes under the heading of marine and fisheries, and it reads:

> Boats bona fide purchased by fishermen for use in the fisheries, and articles and materials to be used exclusively in the manufacture, equipment or repair of such boats.

That includes the engines.

Mr. McLURE: But these are not specified on page 7, which just mentions "boats purchased by fishermen for use in the fisheries". To clear up the point I think engines should be mentioned, so that they will know this includes the gas engines in the boats.

Mr. ABBOTT: It has been interpreted in that way for years, and I am told the tax is never collected on those engines. Both the boat and the engine in it are exempt from tax, and have been for years.

Mr. ISNOR: If the minister would be good enough to turn to page 7, I should like to ask a question with reference to rope. Does this apply to all rope and twine used by fishermen?

Mr. ABBOTT: I am told all that is involved here is a broadening of language in order to enable dealers to buy it exempt from sales tax. Heretofore it had to be bought direct by the fishermen, and that introduced complications.

Mr. ISNOR: I want to ask another question on that, because I am anxious that the fishermen should clearly appreciate how they stand. From now on there will be no need for fishermen to make application for refunds or drawbacks, as in the past?

Mr. ABBOTT: That is correct.

Mr. ISNOR: Even if the fisherman buys direct instead of through a dealer, he will be entitled to the same treatment?

Mr. ABBOTT: That is correct.

First schedule agreed to.

Second schedule agreed to.

Title agreed to.

Bill reported, read the third time and passed.

DOMINION SUCCESSION DUTY ACT

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the second reading of Bill No. 331, to amend the Dominion Succession Duty Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—"Aggregate net value".

Mr. SMITH (Calgary West): Has any study been made with the provinces in connection with these changes? This is a field in which the provinces have functioned for a long time, namely the field of taxation by way of succession duties. Has there been any communication with the seven provinces which are a party to the agreement, where it is said that the field has been rented by the dominion government?

Mr. ABBOTT: There have been no such communications.

Mr. SMITH (Calgary West): Does the minister not think there might have been?

Mr. ABBOTT: I do not know what purpose would have been served by that. It is a relief in taxation, and I cannot conceive of any province objecting to it. The thought never occurred to me. It is true, of course, that in the matter of succession duties the element of surprise does not make much difference. However I did not think of communicating with the provinces.

Mr. SMITH (Calgary West): Everyone seems to use the word "rental" with approval. It is stated that the provinces have rented certain taxation fields to the dominion government. It strikes me that if I had been a party to an agreement in which I had rented something to someone else I would be interested in any changes made.

Mr. ABBOTT: We have also rented the fields of personal and corporation taxes, if one cares to look at it in that way. I do not suppose the provinces would feel that we should have consulted them in the event of our deciding to reduce personal and corporation taxes. It never occurred to me that we could not reduce or increase, without consultation. We have taken over the field for the time being, temporarily, and I assumed that we had freedom of action in that field.

Mr. SMITH (Calgary West): If I rented you a field you would have no right to tear down my fences.

Mr. HACKETT: I take it from the minister's answer that the vexed question of jurisdiction, as to whether or not the dominion has power to determine what is or is not a succession, has not been discussed with the provinces?

Mr. ABBOTT: There is nothing new in that respect. The dominion has been in the succession duties field since 1941. There has been no change in that respect. The only substantial effect of the proposed amendment this year is to relieve certain taxpayers or those who would otherwise be taxpayers, from the necessity of paying succession duties. No other change is made in the act.

Mr. HACKETT: The debate on this fundamental question has not been pursued during the year?

Mr. ABBOTT: Not so far as I am aware.

Section agreed to.

On section 2—Situs of shares.

Mr. ABBOTT: I have an amendment which I shall ask my colleague to move.

Mr. McCANN: I move:

That clause 2 of bill 331 be amended by adding the following proviso to subsection 2 of section 6 set out therein:

"Provided that this subsection does not apply in respect of shares that were the property of a deceased person in the capital stock of a corporation whose business operations are of an industrial, mining, commercial, public utility or public service nature and are, except for management and the designing, purchasing and transportation of goods, carried on entirely in the country of domicile of the said deceased, either directly or through ownership of shares in, or through control of, subsidiary or affiliated corporations."

Mr. ABBOTT: May I explain this by saying that the amendment is to cover what are known as 4-K companies which, although incorporated in Canada, have most of their property and assets outside Canada. As an example I would mention Brazilian Traction. There is no doubt it is desirable that it should encourage the holding of shares by residents of Brazil. But it is felt that there might be resentment in Brazil if Canada were to impose succession duties with respect to the shares of a company whose entire assets, virtually, are situated in Brazil. It seemed desirable, therefore, to make this provision. The reasons

which I have given for putting this rule in are to provide that shares of Canadian incorporated companies owned by non-residents shall be taxable in Canada and the tax will be paid to the country of source. We have conventions with the United Kingdom and the United States which conform to this rule, there is reciprocal provision whereby credit can be taken for taxes paid here.

Amendment agreed to.

Section as amended agreed to.

On section 3—Exemption.

Mr. DIEFENBAKER: Upon what basis was the amount of $50,000 arrived at? Then, would the minister tell us the proportion of estates which have come before the department in the last two years wherein the amount devolving has been less than $50,000 as compared with those between $5,000 and $50,000, and those over $50,000?

Mr. ABBOTT: Answering the last question first, I am told that, in number, about 90 per cent of the estates fall within this category.

Mr. DIEFENBAKER: Have you the exact figure?

Mr. ABBOTT: I have not the exact figure, but it is about 90 per cent. These are the figures given me upon which I prepared my budget proposals. I must take primary responsibility for the selection of this amount. The decision has to be taken at some point. It seemed to me that, in these days, with the somewhat diminishing value of the dollar, a $50,000 estate could still be considered as a pretty small estate, particularly if the widow or the beneficiary has to live on the income. However, that is a matter of opinion.

Mr. DIEFENBAKER: I was not quarreling with the decision.

Mr. ABBOTT: I appreciate that. I would answer frankly that the figure of $50,000 was one I suggested. I discussed the matter with my officials, at which time different amounts were mentioned. This, however, seemed to me the satisfactory one. As I said in my budget speech, it does constitute a great administrative saving. It means that we are out of 90 per cent of the estates, and at a comparatively small loss in revenue. The total revenue from succession duties last year was about $32 million. My officials estimate that the loss of revenue from the proposed exemption will be about $5 million, or a little less than a sixth.

Mr. KNOWLES: Although 90 per cent of the estates covered are between $5,000 and $50,000; the bulk, in terms of taxable income, must be above $50,000.

Mr. ABBOTT: And in taxable rates; the rates go up rapidly as the amount goes up.

Mr. DIEFENBAKER: Would the minister place on *Hansard* the different groupings as between $5,000 and $10,000, $10,000 and $25,000, and $25,000 to $50,000?

Mr. ABBOTT: Perhaps I have that information right here. It is published in the taxation statistics, and it is broken down as to provinces. That is not given yet for the current year. It was published in September, 1947, and the information comes out each year.

Mr. KNOWLES: But is for the taxation year, 1946?

Mr. ABBOTT: That is right. The similar statistical publication for the current year is now in process of preparation, and will be ready in August or September.

Mr. DIEFENBAKER: I would ask for the information for the current year.

Mr. HAZEN: I should like to refer to the second part of section 3, which refers to charitable bequests. Why was that change made?

Mr. ABBOTT: I believe it was last year I received a delegation from the various Protestant churches at first, headed by my old friend, Mr. Hamilton Cassels. It was urged that in Quebec and Ontario, where succession duties are still imposed, there had always been complete exemption for charitable bequests, and that this constituted discrimination on the part of the dominion in allowing an exemption for only 50 per cent. I had similar representations from the Roman Catholic church, from heads of universities and others, and I came to the conclusion that the revenue implications were not great. I think I mentioned that it amounted to only $300,000 or $400,000 a year. It seemed to me that our law should conform to the existing provincial law.

Mr. HAZEN: Is there any definition of the word "charitable"?

Mr. ABBOTT: No, there is not. This has been pretty well established as a result of a long line of cases, principally English cases, going back a good many years. It is pretty well known now what is charitable. I know there has been some discussion in connection with income tax matters as to whether such things as community halls and so on would come within the definition. It is some time since I have looked up the cases, but I understand it has been pretty well established by

jurisprudence as to what is covered by a charitable bequest.

Mr. HAZEN: The legal definition is quite broad and includes a great deal. I think it would include a society for the promulgation of a particular political doctrine or principle, such as socialism or Conservatism—

Mr. KNOWLES: That last one is charity.

Mr. HAZEN: —combined with moral or moral improvement. That is going pretty far.

Mr. ABBOTT: I agree if that is the case, but I do not think it is the case.

Mr. HAZEN: I understand that a gift to increase the efficiency of the army would be regarded as charitable at law, or a gift providing for the improvement of agriculture; any gift of that kind might be charitable at law and come within the legal definition. It seems to me that the government might be losing revenue it should have if it regards gifts of that kind as charitable and has no restrictive definition.

Mr. ABBOTT: Those are some interesting cases put forward by my hon. friend. I am afraid that no attempt has ever been made in any statute to define what is a charitable bequest or a charitable gift. I think this is one of the cases that could best be left to the courts. I am sure the hon. member for Lake Centre will agree with that.

Mr. KNOWLES: Would the same definition of "charitable" apply in this case as applies to the ordinary annual income tax return?

Mr. ABBOTT: Exactly the same.

Mr. KNOWLES: A very interesting suggestion has been made by the hon. member for St. John-Albert.

Mr. ISNOR: I should like the minister to advise me with respect to the interpretation of "institution", such as applying to a school for the blind.

Mr. ABBOTT: I would say that it would clearly come under it.

Mr. ISNOR: If that is the case in this particular act, would it also apply as far as the sales tax is concerned? A recent inquiry was made by the Halifax school for the blind, which is one of only three schools of its kind in Canada, as to whether or not it could be exempted from the payment of sales tax in connection with food and supplies for its pupils. No favourable decision has as yet been given. I am hoping that in the light of the statement made today by the minister, his officials will in future be able to exempt this school from the payment of sales tax.

Mr. ABBOTT: The Excise Tax Act is the statute under which the sales tax is imposed. Exemption from sales tax depends upon the type of institution to which the material is supplied. If it is an institution approved by the Department of National Health and Welfare it would be entitled to sales tax exemption on materials purchased.

Section agreed to.

Section 4 agreed to.

Bill reported, on division.

Mr. ABBOTT moved the third reading of the bill.

Mr. KNOWLES: On division.

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

CUSTOMS TARIFF

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the second reading of Bill No. 333, to amend the customs tariff.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Duties of customs schedule A.

Mr. HAZEN: I have not had an opportunity to read this bill and I do not know what it contains. However, if I am in order I should like to ask the minister a question. I understand that a certain automobile of British manufacture is sold in the United States for $1,300, whereas the same car sells in this country for $1,800. How is that difference in price explained? Why do we have to pay so much more for that car in Canada than they do in the United States?

Mr. ABBOTT: I am not familiar with the particular case to which the hon. member for St. John-Albert has referred. There is a provision in this bill in connection with the rigid requirements of the dumpting duty clauses which enables the relaxation of those clauses where no industry in Canada will be hurt and where the article to be admitted is needed in the Canadian economy. It may be selling in the country of origin for a higher price than the export price to Canada. It may be that the case to which the hon. member has referred is the result of the mandatory provisions of the dumping sections in our customs tariff as they now stand. I could not answer the question offhand, but I will most certainly look into it.

Mr. BRACKEN: Since this bill has just been distributed, is there any particular reason for bringing it forward this afternoon? The hon. member who has just spoken said he had not read the bill, and I think that is true of all hon. members. If there is some particular reason for proceeding with it I shall not object.

Mr. ABBOTT: There is no particular reason, and if the committee would prefer I would be glad to hold it over. I would point out that the full content of the bill was printed in the resolution. The reason it was not distributed a bit earlier was the complication in the printing bureau. The schedules are long. With one exception, the amendment I proposed the other night, they are exactly the same schedules as were printed in *Hansard* on May 18, and printed again in the ways and means resolutions. I am sure that the full text of the bill has been available to hon. members for a couple of weeks. I should like to get ahead with it because we have a heavy schedule of work ahead of us. If I thought there was any possibility of hon. members being taken by surprise I would not insist on it for a moment. If the committee prefers I will still put it over, but I think we can usefully proceed this afternoon, because, as I say, all the material in it has been before us for some little time.

Mr. HACKETT: I have not had an opportunity of looking at the bill. Is this not the bill concerning which discussion of the resolution was deferred because it purported to change the British preference? On that result it may be well that we should discuss first the Geneva agreements.

Mr. ABBOTT: No, that is another bill which was put forward the other day in my absence, and my colleague, the Secretary of State for External Affairs, agreed that it should be allowed to stand. This bill merely implements the budget resolutions with respect to the tariff changes. It is not the bill to which my hon. friend refers.

Mr. HACKETT: What I am anxious to know is this. If we pass this bill, are we not putting an end to the British preference?

Mr. ABBOTT: No, that is not the case. As a matter of fact, one effect of the amendment which I proposed the other night, when the resolution stage was being considered, maintained the existing tariff rates in regard to this bill, and not the tariff changes proposed under the Geneva agreements. In this bill there is no giving effect to any of the Geneva rates, none whatever.

Mr. HACKETT: No other changes?

Mr. ABBOTT: The only changes we are proposing here are permanent tariff changes, in so far as any tariff change is permanent.

Mr. HACKETT: I recall that at the time of the Ottawa agreements an arrangement was made whereby the preference should work both ways. Canada was given a preference in the British market; and, as a consideration for that, the preference that Britain had in our market passed out of the jurisdiction of the governor in council and became a matter of rigid law which could not be changed except by parliament. I notice in this bill that there are several references to the British preference. It would be unfortunate if, after passing this bill we found out that we had done something which we did not wish to do. I suggest to the minister that he defer consideration of this bill.

Mr. ABBOTT: May I say a word? I am assured by the commissioner of tariffs, who is sitting in front of me, that there is no such change as that suggested by my hon. friend. The Customs Act, which was before the house the other day, is the act which was deferred. This is the Customs Tariff Act. The changes here are simply changes in rates. It is true that there is one other change. We are using the description "most favoured nation" for "intermediate" because, in fact, that is what it has been called for a number of years. That is the only change. There is no implementation of the Geneva agreements as a result of these amendments to the customs tariff.

Mr. HACKETT: Will the minister look at section 2, which substitutes a new section 4, paragraph (b) of which reads as follows:

Withdraw the benefit of the British preferential tariff, in whole or in part . . .

And so on. I dislike speaking without more opportunity for verifying the accuracy of my recollection, but it is my memory that by the agreements of 1932 we are unable to do exactly what we are purporting to do by this new section 4, paragraph (b). For the reason I suggest to the minister that he afford the committee an opportunity of acquainting itself with the bill.

Mr. ABBOTT: To clear up that point, may I say that the new section 4 is a repetition of section 4 as it now stands in the customs tariff, but where the words "intermediate tariff" appear in the section we are substituting the words "most favoured nation". That is done throughout the section. It seems simpler to do it in that way than to repeal the section and re-enact it. We could have put in the rather complicated amending technique and say , "By substituting the words 'most favoured nation'

for 'intermediate' ". I give my hon. friend the assurance that that is the only change of substance, if it can be called a change of substance, in the existing section.

Mr. KNOWLES: I share the concern of the hon. member for Stanstead with respect to the point we came up against the other day in dealing with Bill No. 229. If I thought this bill was asking us to brush off that problem I would support him in asking that consideration of Bill No. 333 be delayed, but I am satisfied that such is not the case. Bill No. 229 has still to come up, and we on this side would like it to wait until the discussion on the Geneva agreements is out of the way. But this bill—Bill No. 333—is clearly just the statutory implementation of the provisions of the budget resolutions with respect to the customs tariff.

Mr. ABBOTT: That is correct.

Mr. KNOWLES: There is at least one section in this bill with which I do not agree; there may be more, but at least it does not take me by surprise. We were given all this information in the course of the discussion on the budget resolutions preceding the customs tariff. I think we would be well advised to go ahead and deal with it today.

Mr. HAZEN: Does this bill reduce the tariff on a good many items?

Mr. ABBOTT: Quite a number of items, which I outlined in my budget speech, mostly production items.

Mr. HAZEN: Under the Geneva agreements, if we reduce these tariffs we can never put them back again as long as the agreements are in force.

Mr. ABBOTT: We can put them back up to the rates fixed under the Geneva agreements. I think I answered that the other night. We could not put them above the Geneva agreements. If in some cases here, I cannot answer offhand, we have reduced the rates below those stipulated in the Geneva agreements we can put the rates back up to the levels established under the Geneva agreement rates, assuming we approved them, but we could not go above them.

Mr. HAZEN: Have we reduced some below the rates agreed upon by the Geneva agreements?

Mr. ABBOTT: I am told that there are a few incidental ones. It was possible to get them down, but they are not very many.

[Mr. Abbott.]

Mr. MACDONNELL (Muskoka-Ontario): Does this mean that if, in fact, the Geneva agreements are not eventually approved we would have taken an action which would limit our future action in respect of them? That is what I took from what the minister said. I took it that we would have limited ourselves.

Mr. ABBOTT: The action we have taken here does not affect us one way or the other, whether we approve or disapprove the Geneva agreements. If there happened to be tariff changes below the rates stipulated in the Geneva agreements, and we confirmed the Geneva agreements, we could not put them back up again higher than the tariff rates in the Geneva agreements. If the Geneva agreements are not confirmed, our tariff position is exactly the same as it was before the negotiations of the Geneva agreements. We could change our rates up and down as we saw fit.

Mr. HACKETT: I understand that, and I do not wish to restate my position. It does seem to me strange that we should take an attitude on these articles in the tariff before we consider the Geneva agreements. My hon. friend has said that he would have brought forth these reductions in tariff even if there had been no Geneva agreements and that by this legislation he is merely implementing the terms of his budget speech. It is common ground and we should all like to make as much progress as possible, with due respect to the importance of the matters with which we are dealing. But does the minister consider it imperative to proceed with the consideration of this bill before dealing with the Geneva agreements? There is bound to be debate on them; it is just possible that the government, as a result of that debate, might come to a different view with regard to some of the items which are in the bill under discussion. Would it not be wise to discuss and dispose of the Geneva agreements before dealing with this bill?

Mr. ABBOTT: The tariff changes here are pretty minor as compared with the proposed changes in the Geneva agreements. There are some changes here which could not wait until the Geneva agreements were disposed of. We are not deprived of our freedom of action, and if it is desirable in the interests of Canada to change the tariff rates under the Geneva agreements we can deal with them. For instance, the rate on mining machinery, face-loading machines, belt trough conveyers and so on is fixed at ten per cent, and after considering tariff matters we concluded that it would be desirable to make that free.

Mr. BROOKS: If you reduce the rates under this bill, are you compelled later on, under the

Geneva agreements, if they are approved, to raise them again?

Mr. ABBOTT: My hon. friend was not in his place when I answered that question, which was asked by the hon. member for St. John-Albert. I repeat, we have complete freedom of action. Certain types of mining machinery which, under the agreement, carry ten per cent we are putting on the free list. If the time comes when we do not want to continue that, and the mining industry is loaded up, we can go back to the ten per cent rate.

Mr. BROOKS: There is no compulsion?

Mr. ABBOTT: No. Our freedom is complete. The proposed changes I am making here are desirable, no matter what happens to the Geneva agreements, and for that reason I submit we should proceed with them.

Section agreed to.

Sections 2 to 6 inclusive agreed to.

Bill reported.

Mr. SPEAKER: When shall the bill be read the third time?

Mr. ABBOTT: Next sitting.

INCOME WAR TAX ACT

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the second reading of Bill No. 330, to amend the Income War Tax Act.

Mr. T. J. BENTLEY (Swift Current): Mr. Speaker, I shall have quite a few words to say on this motion, as the minister no doubt expects. Neither the budget nor this bill provides relief, except in one point which I shall mention, in respect of the taxation of co-operatives or the co-operative set-up.

I point out to the house that a submission was made to the government on behalf of the co-operative congress of Canada in March of this year. I wish to quote from that submission or brief for the benefit of the house and so that I may have it on the record. It is a long brief and I will not quote extensively from it, but there are several paragraphs which in my opinion are worthy of being incorporated in the record. I quote:

> This submission is made jointly on behalf of the co-operative union of Canada and le conseil canadien de la co-operation, and at the specific and unanimous request of the Canadian co-operative congress which was held in Saskatoon on March 9, 10 and 11, 1948.
>
> The congress which is the annual meeting of the co-operative union of Canada, was attended by representation from all provinces. Official representatives of le conseil canadien de la co-opération, the French-language national association of co-operatives, were in attendance and gave approval to the resolutions passed by congress.
>
> It also should be emphasized once again that the organizations we represent are neutral as to party politics, racial divisions and religious denominations. Because of this fundamental principle, common to both organizations, they are, working together, an effective and increasing influence in promoting national unity in Canada.

That should never be forgotten. Two other sections, in my opinion, should be mentioned at this time. In the submission they point out that co-operatives have been a useful and stabilizing influence during these years of rising living costs, and in that connection they state:

> The past year has been one of rising costs of living. The one and one-half million people whom we represent, grouped in more than 4,500 co-operatives, have been working hard in their co-operatives attempting to maintain fair prices, and in particular they have been effecting savings for consumers of low and moderate income groups. It is submitted that they have also been a check on monopolistic practices and have been of general economic benefit to the country as a whole.

Further on, following the same line, they say:

> Two dangers which are very real today are avoided or at least minimized—on the one hand, private profit monopoly, and on the other, excessive state control.

With these sentiments I agree most heartily, and I wish to go on now to quote from the actual resolution. The resolution consists of ten paragraphs with which I shall deal in turn. Before doing so, however, I should like to put the preamble on record:

> Whereas the Minister of Finance stated in the House of Commons in 1947 that if the amendment to the Income War Tax Act did not work out equitably to co-operatives, consideration would be given to amending the act;
>
> And whereas the co-operative movement is satisfied that the present act is impractical and inequitable;
>
> Therefore be it resolved: That this congress urge upon the government of the Dominion of Canada to implement the following amendments to the Income War Tax Act and to the proposed revision thereof known as Bill 454. That is to say:

And I start with the first paragraph:

> (1) That the 3 per cent provision be removed.

On other occasions I have spoken of this particular provision in the co-operative field of taxation and pointed out that it was unfair and worked a hardship on the co-operatives themselves.

I want to quote again some statistics that are embodied in the brief presented by the co-

operative union, and I am reading from page 5 of their brief:

A year ago we submitted that certain provisions of the present Income War Tax Act were serious hindrances to co-operative enterprises and we dealt at some length with the three per cent feature of the act. It will be recalled that this provides for a minimum income tax on an amount equal to three per cent of capital employed subject to certain deductions. Co-operatives regard this provision as inequitable and it has been the cause of widespread and sustained criticism. It has been suggested to us on various occasions when we asked for the repeal of the three per cent provision that it should be given a fair trial and that we should then report on our experience. We can report that the dissatisfaction has increased and the impracticability of this and other features of the present legislation has been demonstrated. Statistics have been compiled. These support the contention made a year ago that the three per cent provision discriminated against small co-operatives.

To prove that contention, they have given a table of findings after very careful consideration, and I will quote that table. The table is headed and is well set out. The brief goes on as follows:

Records of 224 co-operatives in the province of Quebec were studied. Of these, 173 showed a net saving. Analysis proved that when minimum taxable income was computed in accordance with the three per cent provision, its ratio to net savings increased as net savings decreased; in other words it bore more heavily on small co-operatives, as shown in the following table:

Net savings	Average Total Sales	Average Net Savings	Min. taxable income (3 per cent Clause)	per cent of min. tax. income to net savings
	$	$	$	per-cent
Down to $10,000 or over (10)	480,040.60	28,062.92	562.51	2·00
$10,000 to $7,500 (12)	243,132.13	8,719.77	651.92	7·48
7,500 to 5,000 (19)	224,077.94	6,025.78	490.31	8·14
5,000 to 2,500 (43)	149,679.07	3,625.95	333.17	9·19
2,500 to –0– (89)	79,845.86	1,020.34	164.77	16·15
General average (173)	147,502.63	4,314.99	304.37	7·05

That bears out the statement which this brief presents when they said, as I quoted before, that they have given it a fair trial and find it has caused wide-spread and sustained criticism.

In dealing with that particular section I want to point out, as I have stated many times in this house, that the provision to tax co-operatives on three per cent of the capital employed is arbitrary and unjust. In fact it is a deliberate move to prevent any attempt on the part of people to establish non-profit businesses. I think it was the hon. member for Danforth (Mr. Harris) who the other day accused the minister of not having intestinal fortitude. I do not make that accusation against him. I think he has plenty of it, with a capital "G". However I think it is his judgment that is at fault. I think it is a lack of wisdom or a lack of wise advice that is causing him to take this unfair action with regard to co-operative associations.

I just want to analyse for a minute or two, if I may, the sources of capital employed in a co-operative association. It is money invested voluntarily by the members in one of three ways. It may be (a) share capital or membership fee; it may be (b) loan capital supplied by the member; or it may be (c) money borrowed from any other money-lender to carry on the business. With respect to (a) and (b) there is no justification for any government to make a law enforcing a free people to declare a profit on money invested by themselves for the purpose of doing business with themselves. If the investors wish to declare a profit to themselves, that is their affair; and, conversely if they do not, that is also their affair. But this government has arbitrarily forced them to declare a profit. It has done so solely for the purpose, in my opinion, of pacifying its big business friends, the income taxpayers' association and their members.

I want to point this out. The Minister of Agriculture (Mr. Gardiner) of this government and the hon. member for Rosthern (Mr. Tucker), who are not here today, who profess affection for the co-operatives on every occasion on which they can give lip service to them, have failed to intercede on behalf of the co-operatives, even though they claim to espouse their cause. There can be nothing but condemnation for them, this government and the Liberal party if this is not changed. I want to say to my hon. friends over to my right, the Progressive Conservatives, I sincerely hope that the hon. member for Lake Centre (Mr. Diefenbaker) will be able and willing to persuade his party to oppose this type of

law. I hope that some of the Liberal members for Quebec will oppose it when they realize that their French-speaking organization in Quebec has also joined with the other co-operatives in the country in the presentation of this brief.

With regard to money borrowed from other sources—that is, the money which is not provided by the members themselves—it is borrowed on the open market. The price to be paid for it in the form of interest is agreed upon at the time the transaction is made. Therefore it should have no place in the statutes of this country as providing a basis for taxation. The co-operatives pay all the other taxation levied. They pay all their property and service taxes, licence fees and everything else in the localities and provinces in which they are located; but to say deliberately they are profit-making institutions when the people who put their money into them say they are not profit-making institutions, that their profits are distributed among themselves as they save money in the operation of their business; and to pass a law saying they cannot do that in this country, is, in my opinion, a direct negation of democratic procedure and free enterprise.

The next resolution reads:

That co-operatives of the type described in section 4(p) of the Income War Tax Act (section 64 of Bill 454) irrespective of the date of their incorporation, in computing taxable income be permitted to deduct from undistributed surplus limited contingency reserves which are required to be set aside by provincial law; not exceeding 10 per cent of the net earnings in one fiscal year.

That seems to me a reasonable request. The co-operative laws in our province, at least, require certain reserves to be set up for the protection of the membership. It is purely to ensure that the equity and interests of the membership are at all times protected. They do not ask for large reserves. All they ask in this resolution is that up to ten per cent of their earnings may be set aside as non-taxable; and they agree that if the amount of the reserve they desire to set up is larger than the minister feels necessary, any other reserves may be taxed. So I think the request contained in this resolution is reasonable.

Then resolution No. 3:

That the definition of "payment" be extended to include the application of patronage dividends on account of loans or shares or other obligations pursuant to by-law where such amounts are authorized to be applied by the by-law.

It should not be necessary to ask for this. Many members of co-operative associations do not have large sums of money at their disposal. They wish to join the association and partake of what they believe will be the benefits. So they make a commitment; they buy a share, or so many shares, and commit themselves to lend so much capital for the operation of the business. But they cannot pay it all in cash, so they say the balance may be deducted from any patronage dividends payable to them in future as a result of the business they do with their own association. If the by-laws permit this, we consider it only fair that the minister should allow these payments to be made, and that this amount of money should not be taxable in the hands of the co-operative. If the goods bought which created the patronage, however, were used for productive purposes, that would become income in the hands of the individual when he received it.

Resolution No. 4 states:

That in view of the impossibility of estimating taxable income until after the deduction of patronage dividends, co-operatives be not required to pay income tax on the instalment basis.

The instalment payment of taxes may have been a good provision for some. The minister knows, however, or should know—and if he does not I am going to tell him as often as opportunity presents itself, until I am convinced that he does know—that patronage dividends are not declared until the annual meeting. The fiscal year must be completed. Stocktaking must be carried out. There must be an audit of the business. The reports of the stocktaker, the manager and the auditor must come before the board of directors, who, on the basis of those reports, prepare their annual reports to the shareholders. The annual meeting may be called at any time within three months after the end of the fiscal year, depending on when these reports are ready. Of course the directors may recommend certain patronage dividends, but they cannot say those will be paid until the annual meeting has received the reports, analysed them and agreed to or altered the recommendations of the directors. So it is absolutely impossible for the manager of a co-operative association to make an instalment payment on patronage dividends in the middle of the year with any degree of accuracy. Therefore I believe this provision should be included in this bill, or in any other bill the minister may bring in, preferably right away, to get it over with.

Resolution No. 5 reads:

That the term of exemption of new co-operatives be extended from three to five years.

That is not an unreasonable request. It is something the minister should be more than willing to grant. Before the war, three years

was a reasonable length of time. All the best people were not employed; you could find competent people, or get those who could be rapidly trained. Material for building and goods for stocking the shelves were not in short supply, as they are now. As a result, a co-operative could establish itself fairly well in a three-year period. Certainly today, however, it requires at least five years; so I believe the minister should bring in the necessary amendment to give them five years free of tax in order to get themselves established.

Then resolution No. 6:

That new co-operatives, in order to have the benefit of said section 4(p) (section 64 of Bill 454) be permitted to have up to 10 per cent of its membership persons other than individuals.

We appreciate the concession the minister has made in this respect in the bill now before us. We are very glad of that, because many local groups such as the board of a community hospital, a school board, a municipal council, or other little organizations, may wish to avail themselves as units of the benefits of co-operative enterprises operating in their areas.

Resolution No. 7 states:

That religious and educational institutions be specifically included in the list of corporations which may be members of a tax exempt co-operative credit society.

This is extremely important. Many churches in our province, of various denominations, give a great deal of time and study to the operation of credit unions and societies. Having certain financial obligations of their own, they not only set an example by helping to form these associations but wish to patronize them as units. I do not think the minister should have difficulty in finding it in his heart and in his mind to embody this resolution in the income tax laws.

Then resolution No. 8 reads:

That associations incorporated or registered under provincial co-operative legislation, or incorporated as a co-operative under dominion authority for the purposes of providing medical and hospital services, telephone services, distribution of electric power, be exempt from income taxes.

Resolution No. 9 is very similar:

That associations organized under provincial statute for providing co-operative housing be exempt from income tax.

Everyone knows we need an extension of hospital services. Only a few days ago the Prime Minister (Mr. Mackenzie King) gave an indication of what the federal government was prepared to do in connection with this and other social services, in co-operation with the provinces. Telephone service is necessary in this country now. The way business is done today, the way affairs are carried on, a telephone is no longer a luxury. The supply of electric power is expanding as rapidly as material, power sources and labour can be found. The demand is there. Many local associations like to do these things on a co-operative basis.

The same is true of housing. My goodness, we have had so much discussion of housing in this chamber that no one can be unaware of the great need for it. Many people believe, as they have a right to believe, whether or not others agree with them, that a co-operative housing enterprise can do certain things better than they are being done by other agencies in this country. And if we call this a free country, with the right of free association, free enterprise and everything else, there should be no hesitation on the part of the government in granting this request.

The last resolution, No. 10, states:

That the section dealing with credit unions be clarified to permit societies not incorporated or organized under provincial co-operative statute, but which are registered thereunder or subject thereto, to be members of co-operative credit societies without endangering the tax-free position of the latter.

That is a simple request. There may be an agricultural society registered in a locality, but not incorporated under any act of incorporation. There may be several small local bodies which have local community interests they are trying to promote and develop for the good of the community in which they operate. They may wish to make use of credit unions and credit societies. Yet at the present time they may not become members as units of that credit union or credit society because they endanger the tax structure of the society of which they propose to become members.

I have spoken as briefly as I could, but I do not want it to be felt that, because I have been brief, I am not sincere in what I have said. I have been as emphatic as I could be. If we do not get some relief we shall have to continue this fight both in and out of the house until we get it. Everything asked for in this resolution is justifiable. It hurts no one in Canada, although it may hurt the feelings of those people who think they have the God-given right to run this country entirely by means of profit-making enterprises. If some of us feel that we want to get together and operate our affairs without making profit for anyone, but that we wish to pay decent wages to our personnel, no man in this country should come along and say.

You are going to be a profit-making institution first, and a patronage dividend co-operative distribution institution afterwards. So far as we can see, what we ask for is nothing but fair, if we believe in our democratic, social and economic institutions. I should like to see the minister accept these amendments at the present time, and bring every one of them forward.

Mr. ANTHONY HLYNKA (Vegreville): Mr. Speaker, I wish to take only a few moments of the time of the house to place before the minister a certain problem arising in the Leduc area of Alberta, and in other areas where drilling for oil is taking place.

As the minister is aware, under the Income War Tax Act anyone receiving a royalty from the drilling of oil has been subject to high income tax, whereas those who sell their lands to oil companies for lump sums are not taxed because they are considered to have accumulated capital gain in the process. This definitely works against those who have sold their land on a royalty basis.

Representations have been made to me to place this matter before the minister so that relief may be granted to those farmers who may have been ill-advised in selling their land on a royalty basis. In considering this problem it may be well to keep in mind that farmers who may receive royalties for one or two years may not receive any more at the end of that time. If their present income is taxed away from them they will not be able to provide for their families in the future. I would suggest that the minister fix a certain sum for each child—perhaps $25,000, or something of that kind—at which point a tax could be applied. This would bring the procedure more in line with present-day conditions in connection with people who sell their lands to oil companies for lump sums.

I did not know under what section of the bill this matter could be discussed properly, but I was anxious that the minister give the matter serious attention. I would direct the minister's attention particularly to sections 3 and 32 of the act. I am sure if this matter is given consideration many people around Leduc and Lloydminster would be most grateful.

Mr. GORDON B. ISNOR (Halifax): Mr. Speaker, I should like to deal briefly with what has been said by the hon. member for Swift Current (Mr. Bentley). He, along with other members of the house, received the resolutions passed by the Canadian Co-operative Union of Canada, and he has read them into the record in detail. Then followed the arguments as advanced by the union in respect of the various recommendations.

The hon. member was scarcely correct in his explanation of the method followed. If he was, then I would say it was the same practice as carried on by every incorporated company doing business. The same thing applies to the individual under the system of private enterprise, which he has condemned. It is because of my keen interest in private enterprise that I propose to answer the hon. member briefly. I would begin by asking him if, in a country such as Canada, he feels satisfied that we should give extra benefits to any particular class doing business. He states that profit-sharing dividends could not possibly be sent out other than at the close of year's business, and gives as his reason that it is impossible to estimate profits.

They must be in business for profit, the same as are people who operate on the system of free enterprise.

Mr. BENTLEY: I never used the word "profit". I referred to the surplus amount.

Mr. ISNOR: That is the same thing. Where do you get your reserve? You get it from the profits you make during the year.

Mr. BENTLEY: We call them savings, because they are our own.

Mr. ISNOR: The hon. member may call them what he likes. That is immaterial. Every hon. member realizes that when you set up reserves from a co-operative, or anything else, they must come from the year's business operations. You are setting aside that surplus, if you wish to call it that—I call it a profit—and you wish to transfer it into a reserve. Then, the hon. member says to the government, "You must not charge income tax on that surplus"—or, as I say, on the profits. In my view that is a clear case of discrimination.

In addition, the hon. member says that a co-operative should not be obliged to do what every taxpayer in business is asked to do, namely, forward an estimate of his profits for the ensuing year. He does that in advance, and makes his payment in advance. Because of that estimated profit, the companies declare quarterly or half-yearly dividends, and pay these amounts out in advance. If at the end of the year they are unable to pay the stipulated amount, the situation is corrected; in the same way the co-operatives would have to do it, if they followed that procedure.

I say what applies to one person doing business under our system should apply to all.

Mr. BLACKMORE: They are not in the same class at all.

Mr. ISNOR: The hon. member for Lethbridge is an exceptionally fine talker. I am

sure he will listen to me with the same attention I always exercise when he speaks with respect to these matters. I am making the point that if one group of people doing business are obliged to pay income tax out of profits or surplus, then all should do so. There should be fair competition. The group represented by the hon. member for Swift Current is always advocating freedom to carry on business, and I am asking for the same freedom with respect to all business and the manner in which we should pay our taxes.

Mr. BLACKMORE: I should like to have the hon. member's opinion on this. Supposing he had an income of $2,000 upon which he would have to pay income tax. Then, supposing he wished to buy $500 worth of goods, but by particularly good management he was able to obtain them for only $400, thereby saving $100. Would he favour paying additional income tax on the $100 along with the tax on his $2,000 income?

Mr. ISNOR: As well as I could follow the hon. member in his remarks I would say that if a businessman or a co-operative under free enterprise invested $4,000, $5,000, or $6,000 in stock and made a profit, after operating expenses were deducted, the remainder should be subject to income tax.

Mr. BENTLEY: The hon. member did not catch the question. He does not understand anything about it, so he cannot answer.

Mr. ISNOR: The hon. member for Swift Current states that I did not get the question. I said I could not follow the hon. member's rambling remarks.

Mr. BENTLEY: The question was concise, it was not rambling.

Mr. ISNOR: I have given a concrete case. It is quite possible that the hon. member for Swift Current cannot follow the clear example I have given.

Mr. BENTLEY: I can follow it quite clearly. I hope the hon. member sends a copy of his speech to Walter Tucker and Jimmy Gardiner.

Mr. ABBOTT: I hope you send a copy of yours to Tommy Douglas.

Mr. BENTLEY: I will.

Mr. ISNOR: I am always glad to send out my speeches, because I have been complimented on the fact that they contain common sense.

[Mr. Isnor.]

Mr. KNOWLES: This is a matter of dollars and cents.

Mr. ISNOR: Let me say for the benefit of the hon. member for Swift Current that there are a number of co-operatives or credit unions in Nova Scotia and they are headed by exceptionally able men. The fact of the matter is that the gentleman who signed the brief sent to the hon. member was Professor A. B. MacDonald, who recently came from Nova Scotia, as the hon. member probably knows. Professor MacDonald was head of the movement in that particular part of Canada. As I say, he is an able man and he understands this, but that does not prevent me from expressing what I consider to be an honest opinion in regard to discrimination between the two systems, the one advocated by the hon. member for Swift Current and the other by myself.

He has stated that free enterprise does not pay decent salaries because the men in it want to make millionaires of themselves and so on. He said that in his usual flippant manner, but I want to say that I believe the average retailer operating under free enterprise pays as good salaries, if not better—I am inclined to think they are better—than those paid under any other system.

I have often made the statement that my employees cannot be coaxed away from me because I pay the highest salaries in my particular line of business. I do not think remarks about those salaries enter into this picture at all. It is a matter of operating expenses which are deducted from the gross profits. That gives you the net profit at the end of the year, and the government expects that out of that net profit you pay a fair share of the cost of keeping up this country. I think that is a fair statement in regard to the position.

The hon. member contends that all should not be taxed alike. He says that if a certain group gather themselves together and form an association they should be exempt from all taxes, not just for the first three years as at present but for another two years. He says that they should have five years in which to establish themselves in business without having to pay taxes. But in the meantime their competitors are paying toward the upkeep of our country. That is the position, and I leave it to the hon. member to satisfy himself as to whether that is a fair stand to take.

I think I have dealt with paragraph 4. Under that provision the merchant must make a quarterly report, and then he must make a complete return at the end of his fiscal year and pay his income tax on that return.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. ISNOR: Mr. Speaker, when the house rose at six o'clock I was replying briefly to the remarks made by the hon. member for Swift Current in his representations for certain changes with regard to co-operative taxation. I had dealt with various suggestions advanced by the hon. member, and I propose now to touch on the recommendation that the term of exemption be extended from three years to five years. I wish to say that the government went exceptionally far in its original bill in permitting the extension for a period of three years, quite apart from the further extension of five years.

May I briefly illustrate what I consider the unfair position in carrying on a business in Canada at the present time. Mr. A may be doing business under what we term the free enterprise system as we have it at the present time. He buys $100,000 worth of stock and marks it up 25 per cent, which gives him a gross profit of $25,000. From that is deducted his operating expenses of $15,000, which gives him a net profit of $10,000. On the basis of our taxation today he pays into the exchequer 30 per cent, or $3,000, permitting him either to invest in his business or to set aside the balance of $7,000. That is the situation of one merchant, Mr. A.

Mr. B, who is just down the street in the same community, is operating under a co-operative scheme. He is just starting out, or the co-operatives may have come along and said, We will buy your business and put you in as manager. Under that arrangement he buys $100,000 worth of stock and marks its up 25 per cent and makes his $25,000. His operating expenses will be the same as those of the other merchant, giving him the same net profit as the other merchant. Under the present government co-operative taxation scheme he is permitted to put that whole reserve of $10,000 aside. That goes on for two, three, four or five years, and the only charge against it is the three per cent on the increased capital.

To be fair to both men, my contention is that they should enjoy exactly the same system of taxation. My whole case is built on that. Instead of giving the new co-operative store the advantage of three years' exemption, I say it should be put on the same footing as the merchant who operates his own store. Instead of that, the hon. member for Swift Current asks for a further extension from three years to five years. Naturally, on general principles, I am opposed to any such further extension.

In closing, I wish to repeat what I said before. I have no objections to co-operatives forming themselves into groups to purchase for the benefit of their members. If they can effect a saving for their members, that is fine; but I do say that they should carry on business in the same way as the ordinary merchant and not create unfair competition.

May I enlarge on the reserves? In a short time they would have sufficient funds in their reserves to put in a new attractive store front, rearrange their lighting and make a very much more attractive store than the other merchant. If that were done it would be only natural for customers, whether members of the co-operative union in that particular group, or non-members, whom they are permitted to serve, to patronize them, and they will increase their business to such an extent that finally they will drive the other man out of business, although he may be giving just as good service, but because of the increased benefits which co-operatives have they would be in a very much favoured position.

I say to the Minister of Finance (Mr. Abbott) that is my objection to any extension of the exemption from three to five years.

Mr. H. W. HERRIDGE (Kootenay West): Briefly I want to support the arguments presented by the hon. member for Swift Current (Mr. Bentley) and the hon. member for Lethbridge (Mr. Blackmore), and to reply for a moment or two to the senior hon. member for Halifax (Mr. Isnor) who, I know, has presented sincerely his argument from his point of view. His argument and his point of view are conditioned by traditional business practice and by his failure to appreciate the social dynamic of the co-operative movement in this country which is moving toward that new social order so widely advertised by his party during the last election.

In my constituency I have one of the largest co-operative developments, based on population, of any in Canada. We have consumer co-operatives, service co-operatives and producer co-operatives. Consumer co-operatives, Mr. Speaker, are simply groups of people, a mutual association of people, who have joined together in order to purchase goods at cost. After the services are provided for, the profit that the hon. member refers to which is not a profit; but simply an overcharge, is returned to members in the form of patronage dividends. These people are shareholders. The owners and the customers are almost identical. They are not in business to make a profit. They are simply a mutual association of people organized to purchase goods at cost.

With regard to service co-operatives, in my constituency we have a number of co-operatives that have been organized to provide transportation services, to which thousands of men belong. Fewer than ten years ago these men were paying for transportation to work in the plants of the Consolidated Mining and Smelting Company nearly twice as much as they pay today. They decided to join together to reduce costs. They are mutual associations of working people, joined together to provide transportation at cost, and therefore any patronage dividends which may be obtained at the end of the year is simply a return of an overcharge retained till then in order to make for the sound operation of the business.

With respect to the producer co-operatives, exactly the same situation applies. Groups of fruit growers joined together for the better marketing of their products, not with the idea of making a profit, but for the more efficient marketing of the things that they have to sell. In their case what is actually termed a dividend, is the balance due on previous underpayments. That is the main point. A co-operative is not formed for profit. It is a mutual association for the advantage of those concerned, who are actually doing business with themselves.

Then there is the other aspect of the question. Not only is there an advantage to individuals in savings and service costs, such as in transportation, and more efficient marketing in producer co-operatives, but there are tremendous social services that are rendered by co-operatives in Canada. In my own constituency the co-operative movement has been of great service to the district as a whole. It has done a great deal to improve the morale of the working people in that district.

This association, this working together with a common objective, not with the idea of profit or gain from the ordinary business angle, but with the idea of co-operating for the common good, which characterizes these consumer service co-operatives and producer co-operatives is rendering a great service to the community at large. This is true not only in the economic field but in the field of education as well. All true co-operatives live up to the principles of the association and set aside a certain amount of reserves for educational purposes. I maintain, therefore, that, apart from the opposition economic argument, which I fully appreciate, as presented by the senior hon. member for Halifax, the social desirability of co-operatives justifies the government, even from the free-enterprise point of view, in removing this three per cent tax on reserves, and thereby giving the co-operatives every opportunity to function, not as strictly business organizations but as mutual associations operating to the advantage of the community as a whole.

Mr. JOHN T. HACKETT (Stanstead): I wish to ask the minister a few questions—

Mr. ABBOTT: Do that in committee. This is second reading.

Mr. HACKETT: I beg your pardon. I thought we were in committee. I wish to make it clear that I am opposed to income taxes at this very high rate. I think it is detrimental in many ways and unfair.

During the war, men were giving up their lives; people generally gave up their comfort and possessions, and it behooved those who were not in the fighting line to make every sacrifice to ensure victory. The war is over, and while we still labour under a heavy burden of taxation, it is not well that that burden should be continued at the present rates.

The minister has found it convenient to produce a table which gives the impression that the income tax in this country, in the lower brackets at any rate, is less burdensome than it is in the United States. The question which I wished to ask the minister was whether or not there are any states in the union which have a higher income tax than the state of New York. I have not his facilities for obtaining information, but I am informed that no state has a higher income tax than the state of New York and that many states have a much lower income tax than that state. Even so, even though the income tax of the state of New York which he has added to the federal tax to arrive at an American total were the average income tax of all the states of the union, I doubt very much whether the comparison would be complete and entirely reliable.

We have a range of taxation, a spread of taxation which is not equalled in the United States. We have taxed almost every commodity which it is possible to tax, and I doubt very much whether the United States shows an equally broad range of taxation.

The effect of taxation is far-reaching indeed. In some cases it stifles initiative. It tends to reduce the energy and interest of the individual and it also tends to practices which possibly are legal but not commendable.

I have a pronounced feeling that the continuation of high taxation after the end of the war is but a phase of a malady which afflicts the present administration. They have administered the affairs of everybody so successfully, if one listens to their own account of their administration, that they feel it is almost their duty to continue to devote

their paternal inclinations to the welfare of the Canadian public at large.

They cannot give back to the people the administration of their own affairs, because they do not consider that the people are quite capable of administering their own affairs. I have noticed that the minister stated at one point in his speech, as reported at page 4056 of *Hansard*, that it is the policy of the government to revert to free enterprise as soon as possible. The words to which I refer are these:

> The policy of the government has been to return to a free system and to moderate the inevitable increases in prices at this time by whatever fiscal and other methods are possible under such a system. Neither this government nor this parliament has either the political mandate or the constitutional power to maintain indefinitely in peace time a strait-jacket of controls over prices, production and distribution. Our whole economy has been organized to operate on a price basis by private incentives and private initiatives, not by centralized direction.

Each year the minister, whether it is the hon. gentleman who now holds that high office or his predecessor, has made statements of this kind. But, as the late Al Smith used to say, what does the record show? The record shows that we are still in a strait-jacket. In the month of December, 1945, we enacted legislation which continued controls; and I include taxation as among the most burdensome of controls. It takes taxation to manipulate, operate and feed controls. We passed an act which made it possible to continue the controls in operation. A little later, in 1946, we passed another act called the transitional powers act. Then, in 1947, we passed another act or continuation of the act. Again in 1948, we passed another act. When I say "we", I mean parliament. The House of Commons and the Senate passed those acts. We are still a long way from a free economy and free enterprise. What is the result? The result is high taxes.

We all remember very well—at least I do—that at the first session there was a good deal of boasting done because we had emerged from the war with relatively low prices; that is, it was said they were low compared with those that applied at the end of the first great war. I do not think the government can say much today about the success of its attempt in this field. Prices are higher than they have ever been and there is little indication that they will recede. This is a result of the managed economy; and again, managed economy depends for its life and vitality upon high taxation. The government has tried about everything. The rental of houses in which we live is under control; the money which we need to travel is under control; and the things we wish to purchase are under control; the ambit of our activity is restricted and restrained by what I will call, without any disrespect, this mania of the government to manage the affairs of the individual. Everything has been tried but the old-fashioned remedy of letting people mind their own business and affairs. If the government, in its search for some way out of the difficult general situation in which we find ourselves—and we are short of dollars; we are short of commodities; we are short of freedom—

Mr. SPEAKER: Order. I am sorry to interrupt the hon. gentleman, but I must call his attention to the fact that we are on the second reading of a bill entitled "An Act to amend the Income War Tax Act." I believe that he should confine his remarks to the principle of the bill which is before the house.

Mr. HACKETT: Thank you for your suggestion, Mr. Speaker. I was merely seeking, in the broad field which I was covering, to show how universal is the malady which attaches to the practice, a shining example of which is the burdensome income tax which is now under discussion.

I had hoped that the government would reduce the income tax for the people in the lower brackets and for the people in the higher brackets. The people in the higher brackets are not suffering because they have not enough to eat, enough with which to clothe themselves or because they are not able to house themselves; but the general business of the country is suffering through the restrictions that are put upon the normal activities of normal people by burdensome and almost punitive taxation. I had hoped that, in this third budget which has been introduced after the war, some relief would be afforded to all those who suffer under all these taxes, and especially under the income tax act.

Mr. J. H. BLACKMORE (Lethbridge): Taxes in the country, Mr. Speaker, are dismaying our people. In moving around among the people in the city of Ottawa—and I refer to ordinary people like streetcar conductors and other men with about the same standard of living—I find that they are completely dismayed at the situation which confronts them by reason not only of the income taxes which are being levied but also by the property taxes and the sales taxes levied on foods and other things which they must have. Therefore they feel that they are threatened with being crushed under the burden of taxation. May I tell the minister that I realize, as I believe he does, that he is getting the stage

all set for communism when he gets the people in despair; and he has the people throughout this country in despair.

Mr. HANSELL: Preparing for revolt.

Mr. BLACKMORE: He is absolutely driving the people till they simply do not see how they will make ends meet at all. As has been said many times in this house, present prices are completely disheartening, and many kinds of goods are of poor quality. They do not last. Only this morning I was thinking of the matter of shoes. When I was a small boy if my parents were willing to forgo high-class attractiveness in shoes and buy what we might call stogies, they could get a pair of shoes that would stand up for a good many months rough wear on the part of a youngster. You cannot get shoes like that now. You get what apparently are stogies, and in about a month you find your child has gone through a lot of paper and his feet are on the ground. That is a serious matter which must be kept in mind.

Incomes generally are too low. That has been stated a good many times; but in this chamber we must keep constantly before us, and the minister in particular must keep before him, what must be the point of view of the average mind, the average industrial worker, or white-collar worker, as he contemplates the economic situation. We are railing against communism, as though we had an idea that merely railing against a thing would do away with it. Meanwhile we are adopting exactly the policies which must have influenced the people of Czechoslovakia, for example, when they permitted the iron curtain to descend upon them. Those people found themselves confronted with a situation which confounded them, and they said, "Nothing could be any worse than this. Let us give communism a try".

Mr. GIBSON (Comox-Alberni): They tried the socialists first, did they not?

Mr. BLACKMORE: I suppose they did. Certainly they tried something. With the lack of information prevailing throughout the dominion today, people are just as likely to try communism as anything else, because, after all, they just do not know enough about economics to be able to tell one ism from another.

In addition, there is a great deal of worry about the coming of a depression. I find that the ordinary person with a little money invested or a little property is almost paralysed with anxiety. He asks, "Why is it we must have these depressions? What is the matter with the people in charge? They wring their hands and shrug their silly shoulders and act as though depressions were a sort of act of God and they had nothing in the world to do with them. Well, what is the good of a government if it cannot control depressions? What is a government for if it is not to control depressions, and what is it doing to try to control depressions?" These are the questions that are in the minds of ordinary men.

All these things, Mr. Speaker, have an important bearing upon the measure now before us, which proposes to levy such a heavy rate of income tax on those in the low-income brackets. May I earnestly submit to the minister that there simply must be a change. We just cannot go on as we have been going on. Other conditions are changing. There must be a change in our way of doing things. If the minister can find out what that change should be and propose it, we will listen to his proposal. If he cannot find a suitable change, then I submit that he should be listening to us. And if he does not have a change there will be either communism or chaos; the result will be the same in either case.

In my judgment a change in our financial system will remove the bottleneck which is obstructing a solution of our problem. I have served on committees at various times during the last few years. I am deeply impressed with the feeling of impotence and utter helplessness that seems to prevail among the members of committees. It is as though they were trying to make headway against a hurricane or a giant flood or something of that sort.

Our present financial system provides abundantly for the creation of money to lend for production. Our financial system refuses to create money to spend for distribution. I point out to the minister that in my judgment this is the fundamental fallacy in our financial system today.

Let me repeat that, not only for the benefit of the minister but also for the benefit of the men who are advising the minister. I sometimes get the impression that the minister has so many problems confronting him that he is unable to give these matters the thought and study he would like to give them, and that as a result he has to depend upon the men who are advising him. Then we must talk to the men advising the minister, and they are the ones to whom I am talking now; not only to the minister but, through him, to the men behind him all the way down from the deputy minister to those members of the finance department who are in the galleries here tonight. I am warning them that if they do not make this country's financial system work, they will be to blame. They just cannot tinker around with the sort of financial system we have had during the last century and a half. We are in

a world of change. It is their business to find out the kind of change that is necessary in our financial system to meet changed conditions, and to make recommendations to the minister in accordance with their findings.

May I point out again that our financial system readily creates money to create debt, but that it refuses to create money to retire debt. The result is that debt is accumulating throughout the country in every direction; not only nationally, provincially and municipally, but on the part of corporations and other organizations. This kind of thing obviously must not be permitted to go on. Surely our generation has not been brought into being to be crushed by debt! Surely the mere fact that we have had to go through a number of wars ought not to condemn us forever to debt or to taxation that will destroy us in order to pay off that debt. We should be able to pay off debt with goods; and if this country can produce enough goods it should be able to pay off its debts. I give that to the members of the finance department who are advising the minister. If you have not a system under which the production of goods and services in Canada will pay off Canada's debt, then you have a financial system that needs serious revamping.

Mr. GIBSON (Comox-Alberni): The hon. gentleman should address the Chair.

Mr. BLACKMORE: Very good; I am addressing Mr. Speaker. In my judgment our financial system must be geared to create money adequately to distribute goods and services, as well as to produce them. It must be geared to produce money adequately, gradually to liquidate our debt in a sound way, not by taxing the people into complete despair but by changing the goods-producing power of the people into money. Therefore, Mr. Speaker, seconded by the hon. member for Peace River (Mr. Low), I move this amendment:

> That this bill be not now read a second time but that this house do resolve that the federal government should consider the advisability of setting up a royal commission on banking and currency to ascertain to what extent it might be practicable to finance the affairs of Canada by means other than taxation or debt.

I have no desire to detain the house unduly, but I wish to lay down simply and straightforwardly to the house and the minister nine reasons why I believe it is appropriate that we should propose this amendment, that the house should vote for it and that the government should act upon it.

In the first place, the soundness of the principle of creating money debt-free is recognized by the best informed economic thinkers in the world today.

May I, as one illustration, cite the Right Hon. Reginald McKenna, chairman of the Midland Bank in Britain, in a speech he delivered on January 30, 1936, to be found in an article in the London *Times* of that date, at page 23. In that article he states:

> Additional currency however can now be furnished by the authorities, if they choose to exercise their powers, without reference to the Central Bank's holding of gold. Thus the 19th century which brought into general use a means of payment hitherto scarcely known outside London, brought also the machinery whereby it could be subjected to intelligent control.

That statement, coming from a responsible man like Reginald McKenna, constitutes a challenge to every man who has anything to do with the financial affairs of the Dominion of Canada or any other state in the world, and it constitutes a challenge to members of this House of Commons.

May I submit, following that quotation, that our age must adopt this new means of payment, or perish. It must adopt also the machinery for controlling that new means of payment.

There are other outstanding men whose opinions must be respected. I have in mind, for instance Doctor William A. Shaw. We do not hear a great deal in Canada about Dr. Shaw, and since he made the remarks I am going to quote, perhaps it is easy to understand why.

One thing which I find quite astonishing is that the governments of Canada and the United States, and of various other members of the commonwealth, seem deliberately to ignore the great vital modern truths concerning money. Let us see who Doctor Shaw is. He is editor of "The Calendar of Treasury Records" at His Majesty's public records office; author of the "History of Currency"; author of "English Monetary Writers"; author of "Currency, Credit and The Exchanges during the Great War", published in 1926; "The Coming Reaction: by Legislator"; "Theory and Principles of Central Banking", published in 1930.

I would submit that if a man was able to write as many books as that without falling from grace entirely, and still have a reputation, it might be worthwhile to give some attention to what he has said.

We have also Vincent Cartwright Vickers writing in "Economic Tribulation", which I cited and quoted from on May 24, as recorded at page 4336 of *Hansard*. Then there is Professor Paul H. Douglas, Professor of Economics of the University of Chicago, from

whose work entitled "Controlling Depressions", published in 1935, I quoted on that same date, and it is recorded on the same page of *Hansard*.

State money has been used successfully, as I argued on May 24, and do not propose to re-argue at this time. The Guernsey island undoubtedly used state money, with success, as I developed on May 24, and as reported at page 4337 of *Hansard*. Canada, in world war I used the state money principle successfully. Around 1917 she printed $26 million and spent it without increasing the debt or taxation, or the interest load of her people.

How is it we have done nothing of that kind during the recent war? The principle worked well at the time of the first world war. Those who wish to look into the matter and get authority on it will be able to find it in the proceedings of the royal commission of 1933 on banking and currency for Canada. They will find the transaction reported particularly at page 22, paragraph 47. They will find some very interesting material concerning money in that document immediately preceding paragraph 47.

The Bradbury's in England were a form of state money. Doctor William A. Shaw has directed his attention to a discussion of the Bradbury's in several of his books, particularly in "The Theory and Principles of Central Banking", published in 1930, and "Currency, Credit and the Exchanges", published in 1926. Here are some of the things Doctor William A. Shaw says about the Bradbury's; but before quoting that, may I say the Bradbury was nothing but a treasury note. It was printed by His Majesty's treasury, just as the Minister of Finance of Canada might print a $5 bill. The Bradbury's went into circulation in Great Britain and replaced the specie money there, thus enabling Britain to finance a terrific effort to win a war.

Why should people disregard the discovery made in those Bradbury's? This, I repeat, is what Doctor Shaw says at page 72 of the "Theory and Principles of Central Banking":

> By some process of evolution as yet unexplained Great Britain during the years 1915 and 1916, discovered the true principles of state issue of paper money, and benefited unspeakably by it all through the great war. But so little did she understand what she had done that after 13 years of the practice of an automatic self-regulating issue of full price state paper money she surrendered the right once more to a monopoly bank in 1928. A fresh conception of finance and a different type of currency doctrine must emerge before the evil of this retrograde step can be removed.

And at page 75 he says:

> Similarly with regard to the treasury note issue, whilst it was in existence. There was no reason why the individual joint-stock banks should not have gone directly to the inland revenue office for the purchase of supplies of such notes as they required, or for the surrendering of such notes as they no longer required. It would have been quite easy for the separate banks to keep each a separate account at the inland revenue offices for the purpose, and if this had been done the automatic nature of the treasury note issue would have been much more widely understood. It was only as a matter of convenience and economy of working that the treasury decided that the inland revenue should have only one account, namely with the Bank of England, and that the Bank of England should act as the wholesale house for the sale of currency to the retail banks, and for the repurchase of currency from them of such currency as they wished to surrender. So long as the treasury note was in existence, the Bank of England was not an issuer of that currency, any more than it was an issuer of gold coins when our currency consisted of gold. It was only a distributor of the one as of the other. But when the treasury note was suppressed by the amalgamation operation of 1928 the Bank of England became once more the issuer as well as the distributor of the paper money of the nation, and the two quite separate functions of issuing and distributing currency became once again confused.

I realize that hon. members will find it somewhat difficult to follow those passages, but they have a profound meaning right now for us in this parliament and for our government. May I go on?

We create money to lend for the production of goods and services. How freely we create that money may be learned by reference to a book in our own library called "The Canadian Banking System" by James Holladay. I refer hon. members to chapter 10, page 140. I do not quote that, because hon. members may turn to the book themselves.

What we are told there is that the Canadian banking system can take one dollar of gold and on that one dollar of gold create four $1 bills. The chartered banks can take the four $1 bills and create $20 of credit expansion for each $1 bill. This means that on the basis of $1 in gold we can create $84 of currency and credit in the Dominion of Canada. This house passed that law giving that power to the banks and showing that we have no concern at all, no fear at all of the danger of creating too much money so long as the money is created to lend for production.

Why should we be in such mortal terror—we and the members of the finance department—of creating some money to spend for consumption, for distributing goods? Why should we consider it completely sound to create money to lend; yet consider it completely unsound to create money with which to distribute? We must create money to spend for distributing goods.

Every proposal that we increase wage rates in Canada fills the Minister of Finance, every member of the finance department and practically every leading individual in Canada with concern. Their thought is that the minute we raise wages, we increase prices. So we try to keep wages down. The result is that we keep wages so low that it is impossible for the people to buy the share of our goods which they ought to be able to buy and which we know they ought to be able to buy, right from the Minister of Finance down. We know it is absolutely absurd to have people working in this Dominion of Canada, in coal mines, steel factories and other important basic industries for a wage of $2,500 a year and less when we are able to produce goods to permit them to buy $3,500 worth a year if we only knew how to give them the wages with which to buy. But we do not know how to give them those wages, because we now pay increases in wages through the industry which thereby increases the cost of production and the prices of things go up.

I was able to see through that when I was sixteen years old. There must be something really wrong with the mentality of the members of the finance department if they cannot see it at the age of maturity which they have reached.

Mr. GIBSON (Comox-Alberni): They have never grown up.

Mr. BLACKMORE: I suggest to the minister that he should send out a questionnaire to the members of his department, and if he finds that they do not have the capacity to see through that situation and understand how serious it is, and find a real remedy for it, that he hire two or three first-rate economists, not from the London school of economics, to try to show them how to face realities realistically.

Mr. ABBOTT: From the Social Credit party.

Mr. BLACKMORE: That is exactly right; the minister is learning. I tell the minister here and now that I challenge him personally to debate the fundamental principles of social credit any time he wants to do so in this house or anywhere else in Canada. I will defy him to disprove a single fundamental principle of social credit. He just cannot do it.

Mr. ABBOTT: Too hard to understand.

Mr. BLACKMORE: That is right. The minister had better hire somebody who can teach him and not be stupid enough to imagine that, because he does not understand it, it cannot be understood.

Mr. SPEAKER: I would suggest that the hon. member address himself to the Chair, and I do not think he should use the word "stupid" when referring to any other hon. member.

Mr. BLACKMORE: I will withdraw the word "stupid" with apologies.

Mr. ABBOTT: Not necessary at all.

Mr. BLACKMORE: I am glad the minister acknowledges it.

I go on with the second main reason why this amendment which I have moved is worthy of the most careful consideration of members of the house. The second main reason is that the principle which determines the amount of money that can be safely issued and employed is now pretty accurately understood. That principle is: the amount of money that can be safely issued is the amount necessary to effect the exchanges which require to be effected in the state. May I quote eminent authorities to support that statement? This is a new principle, having been discovered within the last twenty years. It is laid down definitely in William A. Shaw's work, "Currency, Credit and the Exchanges," published in 1926, which I quote from page 66 as follows:

> The episode of the British treasury note experiment transcends in importance any other event in the economic experience of the modern world.

I pause there while the solemnity of those words sinks in:

> On the practical side it has emancipated us from the grip of an imperfect gold currency system and of a costly and cruel bank rate system. In comparison with such an achievement the erection of the federal reserve system in the United States is halting and imperfect. But the treasury note episode has not merely this practical value. It has an equally significant import in the domain of theory. By its means we have evolved the true theory of money, and in the light of this theory our currency and banking legislation need no longer be the process of blindfold groping and experimenting which it has been in the past.
>
> This theory of money rests upon one basic principle, viz., that goods purchase goods. In this axiom the word "goods" is used for brevity's sake as comprehending all economic goods or services which, as possessing economic value, possess thereby exchange value.

These words will repay going over about three times a day for a month or two until their importance sinks right into the thinking of the people of Canada, particularly those in authority in these troubled times.

Again on page 71 of that book he uses the following words:

> By such a chain of reasoning I think it will be clear that a community's purchasing power

is the totality of its exchangeable goods, and that in the case of a paper currency the community's currency is simply a function and not a value or an addition to total values.

Once more I do not stop to discuss the meaning of that passage. I turn it over to the men charged with responsibility who are in the Department of Finance of the Dominion of Canada and in the departments of finance of other nations. They are now trembling at the prospect of depression on one side and at the prospect of war on the other, and have no constructive suggestion whatsoever to deal with either one of the two problems. Yet they cavalierly try to laugh off any suggestion of change in the monetary system with some such unbecoming remark as the minister made a moment ago about its being too deep for him to understand. Well, if babes and sucklings like me can understand it, surely the minister ought to be able to understand it and those high-class professionals he has in the Department of Finance.

The third reason supporting my amendment is: Gold backing has been proved utterly unnecessary in our day. That is shown in the Right Hon. Reginald McKenna's statement which I read a moment ago. It is shown in the statement which I have read from Doctor William A. Shaw concerning the Bradbury experiment. It is established by Canada's world war II experience. May I pause a minute? The minister can tell me whether I am wrong and the members of his department can tell me. Was not every dollar of gold in Canada taken from behind the Canadian financial structure during the war and placed behind the foreign exchange equalization fund? In other words, did not the Dominion of Canada run its whole financial structure all through the perilous time of the war without a single dollar of gold behind its financial structure as far as the domestic economy was concerned? And if they did it in the war, will they tell me why they cannot do it in peace? These questions have to be answered. They must be asked by responsible men and they must be answered by responsible men. There is only one answer, and that is in favour of the proposals of social credit, state money.

Now, Canada's Bank Act, according to a quotation to which I referred from "The Canadian Banking System" by James Holladay, shows the unimportance of gold. When a nation can take one dollar of gold and expand $84 of currency and credit for use in the nation, gold has become an extremely insignificant matter as far as domestic affairs are concerned in that nation. Then again, the suspension of the gold redemption clause by order in council on April 10, 1933, which made it illegal to have gold in the possession of the ordinary individual,

[Mr. Blackmore.]

proved that there was no gold backing necessary for Canadian money; that its value did not depend on gold backing. We will find an account of that suspension in the Report of the Royal Commission on Banking and Currency in Canada, 1933, at page 22.

Again, it has been and will be argued that the introduction of state money will cause inflation. I do not propose to go into details concerning that matter, because I went into details in my speech on May 24; but let me point out to the minister, as the fourth reason supporting my proposal, that today the nature and the cause and the means of the prevention of inflation are now well understood. This last war finished giving us the information on that matter, and showed beyond a doubt that inflation does not depend on money so much as it does on goods. What I said concerning that matter will be found in the 1948 *Hansard* at pages 4332 and 4333.

The fifth reason is that successful price control is an established fact. This was demonstrated clearly during world war II in Britain, in the United States and in Canada. It has been said several times that, whereas price control was possible during war, it is impossible during peace, but it has never been proved. Will anyone pretend to me that if the United States, Canada and Great Britain together had decided to use the measures of control of prices which they used during the war, they could not have succeeded in peacetime, especially if they had liberated and stimulated the productive capacities in these nations? I will grant that the necessities of sending very great quantities of food and other goods to western Europe have had a considerable effect, but we could have overcome the ill effects of that sacrifice of goods had we only had wisdom enough to stimulate the productive capacities of this nation, of the United States and of other nations, instead of discouraging our farmers until they disposed of their milk cows, their swine, their beef cattle and their sheep. Whose fault was it that they disposed of all these animals? It was the fault of the governments of Canada and the United States. Surely measures could have been taken to avoid that loss of production which we have had. I say that successful price control is an established fact.

A sixth reason in supporting my proposal is: Devices are now understood for withdrawing surplus money, redundant credit, as Social Crediters call it, from circulation when it is no longer needed in the economy. Two devices are sufficient; one is the taxation device, which is used rather too much today; the other is the just price mechanism as proposed by social credit, into which I shall not

go at the present time. Let it be understood that the device is known and understood. It will not be advocated by the London school of economics. That unfortunate organization was never designed to cause men to face facts. It was designed to turn men socialists in the world and prepare the way for communism; to think in terms of scarcity and restriction everywhere instead of abundance and freedom.

Since the six statements I have laid down as reasons are true, we must agree that, as a seventh reason, there can be therefore no conceivable excuse for disregarding longer the systematic scientific use of national money, created by the state and employed by the state.

The eighth reason is: There is a grave reason why we need to be developing national money on the American continent, in Canada and the United States particularly, at the present moment. The need for national money is greater than it has ever been before, for two main reasons. In Canada and the United States we are faced with a problem which thus far our governments have never even attempted to solve, namely the problem of internal distribution. See what the situation was in the United States. I wish we had more detailed facts concerning Canada's situation.

The ACTING SPEAKER (Mr. Beaudoin): Order. May I remind the hon. member that his time has expired. Has the hon. member the unanimous consent of the house to continue?

Some hon. MEMBERS: Agreed.

Mr. BLACKMORE: I thank you, Mr. Speaker, and hon. members. In 1940, according to Chester Bowles in a very fine, illuminating book called "Tomorrow Without Fear", which hon. members will find in the House of Commons library, the lower one-third of the United States people received only nine per cent of the total national income of $76 billion: see page 68. In 1940 the second third of United States people received only 24 per cent of the national income: see page 69. In 1940 the top third received the balance of 67 per cent of the national income: see page 71.

Socialists will say, "Well, let us just swat that upper standard and take the money from those people and distribute it among the people in the lower income bracket". But immediately they will be faced with the problem that the moment they remove the motivation for production, they will encounter production difficulties; they had better face that. There is no use in the C.C.F. indulging in mere fancies until the C.C.F. get into power in Canada and then find themselves faced with grim realities which will cause them to go back on all the promises which they have held out to the people.

The income in the lowest third in the United States, in 1940, was only $527 per family: see page 68. The income of the middle third was $1,311: see page 69. The income of the top third was $3,722: see page 71.

The obvious fact therefore is that the United States had not learned how to distribute goods within their own country. If they knew how to use debt-free money judiciously and to put it into the hands of purchasers in the lower income brackets, giving those people sufficient money to allow them to secure the standard of living to which United States citizens were entitled, they would be able to solve their internal distribution problem.

We have a serious distribution problem internationally; as soon as I have mentioned the details in that connection, I shall close. The fundamental problem which confronts the world at the present time, as every hon. member from the Minister of Finance outward knows, is a shortage of United States dollars. It is thought that we shall be able to solve the difficulty of the shortage of United States dollars by entering into some such agreement as the Geneva trade treaty. Let us not delude ourselves.

There was a shortage of United States dollars during the twenties and that shortage had to be made up by United States foreign lending. Billions a year were lent by the United States to the nations of Europe to enable them to buy United States goods until the people of the United States discovered that it was not a sound method. That is the clearest kind of evidence that there was a shortage of United States dollars during the twenties.

We shall never get the world on a sound economic basis internationally until men learn how to overcome the United States dollar difficulty. If the United States were using the debt-free money system, national money, it is conceivable that she could render available to the nations of the world the United States dollars which she herself needs to make available to them, and Canada could do something similar. If we do not have that system, then there is no use in trying to get the other nations of the world into a position where they can buy our goods, because they will only go into debt, and we shall tax our people and borrow them into debt to buy the goods to lend or give to other people, which unquestionably is an unsound proposal. I will say no more at present concerning this matter.

Let me emphasize in closing, however, that these two great fundamental problems which confront our generation—internal distribution and international distribution—simply defy solution on any other basis than on the basis of state money debt-free.

The ninth and final reason is the urgent need of distributing food among less fortunate peoples. We hear a great deal now about the need of increasing the production of foodstuffs. Sir John Boyd Orr and others speak in anxious tones and terms about that need. I ask hon. members this question. Even if we did increase food production tremendously in Canada, producing twice as much as we require, would that guarantee that the needy people of India, Siam, Java, Malay, China and Japan would get that food? If the United States increased their production of food, under the present system, with orthodox ways of looking at things, it would be impossible for the producers of the food to get it into the hands of the needy, because the needy would not have anything with which to pay for it.

We have to face this fact. While Sir John Boyd Orr and other gentlemen talk about converting us to the idea of increasing the production of food, let us be at work discovering means of distributing the food after it is produced. I submit that no proposal has come to my attention anywhere which will solve that problem except the proposal of state money debt-free.

Therefore, Mr. Speaker, for these nine reasons I do not hesitate for a moment to propose the amendment which I brought forward at the beginning of my remarks, that we set up a royal commission to examine into the possibility of financing the affairs of Canada by means other than taxation and debt.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, as the seconder of the motion moved by my colleague the hon. member for Lethbridge (Mr. Blackmore), I have no doubt I shall be expected to say something. At the outset, I should like to assure the Minister of Finance (Mr. Abbott) that it is not with any intention of holding up the passage of the bill that I speak. I do not often intrude upon the house. As a matter of fact, I think I have held my peace perhaps a little too much this year. I believe, however, there is something of great importance which I should bring to the attention of hon. members in connection with the principle of income tax.

The bill that is now before us is designed to render the collection of income tax much more efficient on the part of the department, but it holds out no hope whatever of any easement of the burden of taxation. I merely wanted to mention to the minister, for whom, as I have said time and again, I have the highest regard, a number of things which he and his colleagues are doing to the people of Canada and to Canada generally through the taxation policies they are following, more particularly now the income tax.

I realize, of course, that the minister is in a tough spot, a very tough spot. Under present circumstances he has to exact taxes in order to finance Canada. Evidently he and his colleague the Minister of National Revenue (Mr. McCann) think they must raise more taxes than they at present need in the government so as to reduce inflationary pressure from more money in the pockets of the consumers than there are goods to buy. The process is like the cat trying to catch its tail. The thing goes round and round and up and up. High taxation inevitably slows up production; slowing up of production inevitably increases prices, and increasing prices inevitably depress the value of wages and salaries earned by the people, so that they have a terrible time trying to catch up, just as the cat has in trying to catch its tail.

Perhaps the ministers do not agree with that; perhaps they do. If not, I suggest that they go among the people or send out reliable experts among them to make a survey of the opinions of farmers, big and little, businessmen large and small, fishermen, workers of all kinds. I will guarantee that the ministers will find that all producers agree that the present level of taxation is about the most effective deterrent to maximum production that could be devised. I have talked to these people and I know that is their opinion.

Perhaps my opinion does not matter, but there are opinions that do matter, and I wish to quote briefly one or two little things mentioned by James F. Lincoln in his book, just recently published, "Lincoln's Incentive System". If some hon. members have not read it I would highly commend it to them.

James F. Lincoln is the president and owner of one of the greatest electrical welding machinery manufacturing concerns in the world, if not the greatest. He ought to know something about incentive and something about taxation, and the picture he presents is very similar to the picture that any good businessman or industrialist in the country would present. On page 39 he makes this statement:

> The attitude of our government has been largely the regimentation of its people in all matters in which it took action. It has also more recently by taxation, which is steeply punitive to effort and ability, not only removed the

incentive to develop but made the penalty so great that no one would dare develop to his limit.

I have constantly claimed in this house that the government had not begun to explore the possibilities for increased production. This extract which I have read from "Lincoln's Incentive System" bears out that contention. He said, and I will read it again:

It has also more recently by taxation, which is steeply punitive to effort and ability, not only removed the incentive to develop but made the penalty so great that no one would dare develop to his limit.

Then again on page 71 Lincoln said this:

There must be a new approach to this matter of taxation. We must see it in its true relationship. Taxes are the greatest of all reducers of purchasing power. As a matter of fact, at this time taxes are largely the reason for much of the misunderstanding on wages between the industrial worker and his employer. The worker sees his standard of living going down. His only reaction is that his employer is not paying him enough since he cannot live as he did before. He is working as hard but he is not enjoying the same kind of living.

Those are words that ought to sober a person in a consideration of this whole situation. Again on page 73 Lincoln says:

In a free competitive system, government will have one function and one only, namely, to guarantee the freedom of the individual from foreign and internal aggression. That is the primary reason for the formation of government. If it were not for this need, governments as we know them would not exist. The greatest problem that all peoples have had from the beginning of recorded history is to hold government to its primary function.

And continuing, he said:

History shows that the greatest threat to mankind's freedom has been government. It has always been man's most dangerous foe. People do not usually lose their freedom to a foreign aggressor but to their own government. Confiscatory taxes are always the tool used.

Those things ought to be given most earnest consideration when we think in terms of taxation, particularly of income taxes and the hidden taxes. That is the reasoned opinion of one authority in the United States where the weight of taxation is not as great as it is in Canada, in spite of some opinions that have been expressed to the contrary. My own experience in talking with people in all pursuits of life verifies what I have already said, namely, that high taxation levels definitely discourage production and unduly stretch out the time of danger of inflation.

On other occasions, Mr. Speaker, I have tried to indicate what I have found, by talking amongst the people, is the inevitable result of the continuation of high levels of income tax and others. I could enumerate a good many evils of high taxation such as we have in Canada. Amongst them would be such things as the discouragement of production, which I have already mentioned, and the elimination of private enterprise. Private enterprises simply cannot continue to operate if the product of their own labour is consistently and constantly taken over by government, leaving them with no reserves to meet exigencies as they arise. That is one of the great reasons that socialism is growing, because the state becomes powerful and leaves the individuals weak. I could speak of economic slavery, of the impoverishment of the people and a good many other results of high taxation if I had the time. However I have not the time in which to deal with them now.

I want to repeat what I have said on other occasions by way of emphasizing another evil which is rarely considered as a result of heavy taxation. I refer to the softening of the moral fibre of the people as the growing power of taxation in the hands of a state transforms a social government, as it was in the beginning years ago, into an anti-social state. Those things should be thought over carefully.

In my opinion here are the steps by which that transformation takes place. In the first place, as more and more of the individual's production is taken by the state in the form of taxes, the less he has for his own enjoyment and the greater effort he must make to maintain himself or to better his circumstances. The government for many years have operated on a steadily-increasing tax scale. This has resulted mainly from the fact that they have persisted in following what my colleague the hon. member for Lethbridge so well described to the house tonight as an outworn and thoroughly discredited policy of finance. As long as we persist in following such a policy, then taxation taken as a percentage of the gross national income will continue to go up.

I can remember the day in my own life when taxes in Canada represented less than seven per cent of the total national income. Today they represent somewhere between twenty-five and thirty per cent of it. The tendency is always upward. If the amount of taxes that we were taking from the people continued to rise, and at the same time our gross national production continued to rise in as great proportion or greater, I would not be so much worried about the weight of the burden of taxation. But when the proportion of national production that is taken by taxation by our government continues to increase, then I become concerned.

The second step is this. As ever-increasing proportions of the production of a person's own efforts are taken from him in taxes, the more the dignity of the individual disintegrates under the hammering of want and the fear of want. Anybody knows that is only sound reasoning, because so many of our people are forced through heavy taxation to live on the borderline of poverty or below it, not able to accumulate any reserve to meet the crises in their lives. On the other hand, the power of the state in the process, grows greater in proportion to the wealth it absorbs through the power of taxation. As it grows in power, history has shown that it has become less concerned about the individual welfare of the human resources that it governs.

In the third place, as economic power is transferred by taxation from the individual to the state, the individual often is pressed by circumstances such as illness in the family, crop failure or some other tragic circumstance, into bargaining for some of what was properly his by right of production. In the bargaining process, when he goes to the government for help he is often forced to surrender what has been considered for many years his inalienable rights, and he has to bargain with these for a hand-out from the government, because his independence is gone. The hand-out might be in the form of relief—I have seen it happen—it might be in the form of unemployment insurance; it might be a place on the public payroll or a subsidy of one kind or another. Whatever it might be, Mr. Speaker, the uneven bargain demonstrates that the non-productive state has gained economic strength and great political power through the taxing authority, while the productive individuals in the state have become merely supplicants with caps in hand, and with no spirit left. All too often that is the net result. Everywhere moral disintegration has inevitably followed upon the heels of continued high taxation. I think we saw the ultimate of this disintegration of the individual in Germany, in Russia, in Italy, in Japan, where the power of taxing made a shambles of all the property rights of the people. For further evidence we might go back in history and take a look at what happened just before the fall of the mighty Roman empire sixteen hundred years ago.

The power to tax is the power to destroy human dignity. Unless that power is used wisely and with restraint, it will destroy the moral fibre of the people. We have been witnessing that very process in this country for some time now. Never before in our history has the government of Canada been so nearly

an all-powerful state. I suggest, Mr. Speaker, that this represents the government; an all-powerful state. Never before has such a large portion of the wealth produced by individual Canadians been confiscated by the state. What seems to me ominous about the whole matter is that there is a growing public acceptance of the doctrine that has been preached into our people, that high state taxation is an instrument for social good. I suppose we have the Marxists and socialists, or at any rate those who call themselves such, to thank for that.

I said a moment ago that the most pressing reason why the present government thinks it has to continue this high rate of income tax is that it has created a bad situation for itself by its persistence in following a thoroughly discredited financial policy. I am prepared, as my colleague the hon. member for Lethbridge demonstrated he is prepared, to debate that proposal in detail, namely, that the government of Canada has persisted in following a thoroughly discredited financial policy in this country. I do not think anyone here would wish me to go into the matter tonight, but I plead with the minister as a fair-minded man, and with his colleagues: come out in debate at an early date and show us, if you can, where we are at fault. I do not want to go on year after year advocating and propagating a philosophy or policy that is not right. If we are attempting to propagate a fallacy, let us know about it. We can only know about it if some of the wise men of this country come out and attempt to show us that we are wrong. I am prepared to debate this whole policy. I shall put the ministers right on their own ground by saying the greatest difficulty we face in Canada today arises from the fact that they persist in using, year after year, a thoroughly discredited financial policy; and in giving the Canadian people government, year after year, under it.

If the minister wishes us to support that statement with evidence we are prepared to do so. All we ask is that he come out and meet us; that he and his colleagues come to grips with this situation at the earliest possible moment. Let us settle it once and for all. Take a look backward to the 1930's. The financial policy in effect then was essentially the same policy as we are attempting to follow today. What did it cause? Trade stagnation; unemployment; bread lines; unhappiness; trade war, and general economic paralysis, not only here but in every country that attempted to follow the same policy. Is it reasonable to suppose, Mr. Speaker, that the same system which gave us all those things in the thirties can possibly give us prosperity, peace, business stability and widespread happiness now that

the war is over? It is high time we began to ask ourselves these questions and to seek the answers.

I wonder if we can forget the huge debts and the heavy taxes, of a confiscatory nature, that Canadians have to pay under our debt system of finance. And I ask another question: Where is the freedom of the people? I would say a financial system or policy that is worth a hoot ought to guarantee the freedom of the people; but there can be no freedom when the people are forced to come to the government with their caps in their hands, and then to bargain away their freedoms and liberties for a handout, as I have seen them do. Every country in the world that has continued its worship of the debt dollar has been forced to impose very heavy income taxes, such as those being provided in the bill now before us. That has been because of the fundamental and crippling fault in the policy and system itself.

The financial structure we have today has failed for many years to distribute to the people the goods they can produce. My colleague, the hon. member for Lethbridge, mentioned Chester Bowles, a man of some authority, held in high regard to certain circles, and I should like to emphasize one thing Chester Bowles said. He spoke of the income of the lowest third of the people in the United States; and I quote him only because there is no similar work in Canada. We need one, and in times past I have advocated that we have something of the kind of survey done by Mr. Bowles, but it has not been done. According to Chester Bowles, the income of the lowest third of the people in the United States in 1940, which in the aggregate was nine per cent of the total, was an average of $527. That was in 1940, a war year. Can anyone say that the financial policy being followed by the government of the United States, which is essentially the policy followed by the government of Canada, was doing a good job of distribution in getting to the lowest third of the people in that country an average of only $527 a year? That would not give them protective foods such as citrus fruits, milk, eggs, butter and meat. Even the middle third of the people, according to the charts on page 69 of this book, had an average income of only $1,311. How could they possibly live and give their children anything like a decent opportunity for education, cultural growth and moral standing with an income of that kind? The average income in the top third was $3,722. That is getting more like it.

I mention these matters merely because here we have evidence that the financial policies being followed both in Canada and in the United States have failed. Therefore it seems most pressing that we effect a change. When I say it is time to effect a change I should like for a moment to examine two or three statements made in this remarkable little document which was mentioned by the hon. member for Lethbridge, and which, as a matter of fact, I read on his recommendation in the first place. It is called "The United States in the World Economy," and is written by eminent authorities in the department of commerce of the United States. It is issued under the name of Jesse H. Jones, secretary of commerce and O. P. Hopkins, of the bureau of foreign and domestic commerce; and was written by Hal B. Lary, with a foreword by Wayne Taylor, under-secretary of commerce.

As I read this book all the way through, I found time after time these men emphasizing one important point, and I wish to refer to just one or two places where this particular point is emphasized. At page VI of the introduction to the book, these men have this to say:

> The functioning of the American economy as a whole presents some of the most baffling problems. On the solution of these problems, through maintenance of a high and reasonably stable level of economic activity in the United States, the interests of this country and of other countries are most clearly and indisputably united.

Then again at page 200 in a final word, they have this to say:

> Whatever may be the other requirements, stability in international economic relations generally and in foreign exchange rates in particular cannot be assured solely or chiefly through technical financial arrangements—

Such as Bretton Woods, and the like.

> —but must be firmly based on a vigorously and regularly functioning domestic economy.

That is about the fifteenth time I have noticed the same emphatic statement throughout this work. What does it mean? It means simply this; it is a warning by these men who issued the work in 1944 that there could be no hope whatever for a world peace, and for that ideal condition of world trade, unless and until the United States itself began to bring order into its own internal economy and make it work smoothly. The same can be said of Canada also.

And, Mr. Speaker, other experts such as Beardsley Ruml, Professor C. E. Ayres and others have pointed out that the only way in which the internal American economy can be made to work smoothly is to see to it that the financial system is changed, that the financial policy is altered so that the

full production of the United States can be distributed in their own land to all of the people.

I was interested in an editorial which appeared not long ago—as a matter of fact, on May 5—in the Montreal *Star,* criticizing my colleague the hon. member for Lethbridge. The editorial is headed "Discredited Critic". I wish to refer to only one thing the Montreal *Star* did say. It said:

> We shouldn't like our American friends to think that when John Blackmore gets up in the House of Commons and criticizes the United States he speaks for any substantial body of Canadian opinion. He doesn't. Mr. Blackmore is one of the small Social Credit group whose ideas revolve around a thoroughly discredited theory of funny money.

That represents the expression of a mischievous editorial writer who likes to stick his nose into other people's business and make categorical statements with little possibility of ever having to be called to account. He is one of the type of petrified pip-squeaks—if that is a parliamentary expression—who know nothing whatever about economics, but who are so inflated with the idea that they are qualified to mould public opinion on any subject whatever, that they rush in at every opportunity to make the world think they know something.

This fellow was no exception. I do not know why this editorial writer did light into my hon. friend the member for Lethbridge, but I am sure it was not because anything the hon. member for Lethbridge had said was disproved; because all the hon. member for Lethbridge said on this particular occasion he quoted from authorities in the United States—and from this book, "The United States in the World Economy."

But the Montreal *Star* comes along and says that the hon. member is a thoroughly discredited critic, and that it does not want people in the United States to think that what the hon. member has said represents a large body of Canadian thought.

I just wish to say this to the editorial writer of the Montreal *Star,* that I should like to have him produce the evidence that Social Credit is thoroughly discredited. I will be prepared to have him conduct in his own paper a thorough discussion of social credit principles. I will guarantee, Mr. Speaker, that he will demonstrate he has never read them and does not know anything about them. And I shall answer him here from the floor of the House of Commons, or in his own paper.

I am reminded of one of the proverbs that says this: "Who condemns ignorance is twice accursed." That often is the condition of mind exhibited by these so-called authorities who sit in armchairs in newspaper offices and attempt to mould public opinion.

Whoever did discredit the social credit philosophy? I would like to find him. I would like him to trot out his stuff. And if he has not discredited it, then I would like him to keep quiet. But for my own peace of mind I would like to see one real, honest effort made; one that gets down to details and comes to grips with the true facts; one which takes consideration of scientific argument, logic and reason, in an effort to show to the world that social credit principles are discredited. But until that does happen no editorial writer has a right to claim that this philosophy which we advocate is in any way discredited. I say to this editorial writer that, by making sweeping categorical statements in ignorance, he is thoroughly discredited.

In closing, let me say to the minister that I have a full appreciation of what he is up against. As long as he is operating under the present financial policy he cannot do very much more than he is doing. I know that. I know, too, that he is a bright boy; and I know, further, that if he would take just a little while and examine the amazing array of evidence we have already placed upon the record here, I am satisfied he would soon come to a conclusion. Then, if he would step into the House of Commons and give us his honest decision, his honest opinion as a result of having examined those things and of having weighed them carefully, I would be a very happy man.

If I am found wrong, I will be the first to admit to the Minister of Finance that I was wrong. But I must be shown; and until I am shown, I shall continue to advocate the policy in which I believe. I favour the amendment moved by my colleague, the hon. member for Lethbridge, because I feel sure a careful, honest investigation by a royal commission will reveal that there is a better way of financing our government than by continued debt and high taxation.

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, I addressed the house at some length on the resolution stage of the bill; therefore I have only one or two observations I wish to make at this time.

In the first place, I wish to recall to the mind of the minister that when previously I spoke on the resolution I suggested to him that there were certain reductions and reliefs which he might give. I pointed out that I did believe that budgeting for a certain amount of surplus was sound budgeting, because I believe in the repayment of debt. I suggested, however, that the amount which he contemplated was an unnecessarily large amount; I pointed out that

in the year just past his actuality had exceeded his estimate by about $460 million; and while I did not suggest there would be any such overrun this time, I did suggest that I thought it was extremely likely that he had budgeted very conservative, and, further, that the surplus of nearly $500 million which the minister estimated for the forthcoming year was unnecessarily high.

I do not propose to traverse that ground again, but I merely wish to point out one thing. The minister indicated that there were two reasons for this surplus: one the repayment of debt and the other perhaps exceptional defence measures. I do not accept the second one as a proper reason, but I do accept the first, subject, as I said, to the proper amount.

But I wish to make one point. We are now budgeting for a surplus of some $500 million. I think I am correct in saying that the hands of the minister and of the government are not tied in any way, shape or form as to what they shall do with it. I think that was the reason why, when the budget speech was completed, there was apparent unanimity in this house that it indicated clearly one thing, namely, that there would be no election before there was another session of parliament.

We all know why that was. Everyone felt that this was a means of keeping a bonanza, so to speak, available for the electors and to be disclosed to them before the next election. I do not think it can be said that our electors will suppose that this is an act of benevolence on the part of the government, nor will they believe that this is the government's money. Of course they will not believe anything of the kind; nevertheless there is an advantage psychologically in a government being in a position to suggest or to bring forward large taxation reductions and other popular measures just before an election.

Therefore I suggest that it is improper that this large surplus should be left lying about loose, so to speak, when there is no tie-in in any way as to how it is to be used. If the minister refuses to accept my proposals that there should be substantial reductions in taxation at the present time, first, through an increase of the exemptions in the lower income brackets and, second, by way of tax assistance to smaller companies, then there should be some definite and binding indication as to where this money will be spent, so that the government shall not have a fund of $500 million which can be used for what we shall call election purposes.

Mr. D. KING HAZEN (Saint John-Albert): Mr. Speaker, the Income War Tax Act has been amended nineteen times since 1927, and if this bill passes it will be the twentieth amendment of the act. That makes for cumbersome legislation, and a revision is badly needed. Three years ago the then Minister of Finance (Mr. Ilsley) said in his budget speech that a revision of the act was overdue. Last year we were presented with Bill No. 454, to amend the Income War Tax Act.

When that bill was up for first reading, I think it was July 12, 1947, the minister said that it was not intended to proceed with the bill at that session, that it was being introduced for study and suggestions. He said that the main part of the act was cluttered up—I think those were his words—with provisions dealing with exceptional cases which had been gathered together.

He went on to say that, under the law, the minister had discretion in forty-three cases, but in the bill presented last year there were to be only two cases where the minister would have discretion. An income tax appeal board was to be set up to deal with matters in dispute, and that board would be a court of record. He intimated that the bill would come before us this year and said that it would be dated back to January 1, 1948.

For some reason or another that bill has not come before us. I notice in the bill now before us, as well as in Bill No. 454 presented to us last year, there is no mention of increased penalties to be imposed upon those people who are not able to pay their taxes on time, nor is there any provision about people who have reached the age of sixty-five years. I think we should have some explanation from the minister.

Mr. ABBOTT: That bill will be introduced tomorrow. The resolution has been on the order paper for two or three days.

Mr. HAZEN: That is why I rose.

Mr. ABBOTT: I announced in my budget speech that a tremendous amount of work has been done on the bill. We have had representations from all the associations. The bill is ready and, as a matter of fact, I was hoping to introduce it tomorrow at the latest.

Mr. BLACKMORE: With the unanimous consent of the house I would be glad to withdraw my amendment in order to save the time that would be needed to take a vote.

Mr. SPEAKER: Has the hon. member unanimous consent?

Some hon. MEMBERS: Agreed.

Amendment (Mr. Blackmore) withdrawn.

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

On section 1—Co-operatives.

Mr. HACKETT: Can the minister state if the income tax of the state of New York, which he added to the federal tax in order to compare the United States income tax with the Canadian income tax, is the highest of all state taxes? If not, what states have higher income taxes than the state of New York, and what states have lower income taxes?

Mr. ABBOTT: I do not have the information with me, but I will bring it down when the other bill is brought in. The official who was in charge of that is not with me this evening. My understanding is that it is a fair average of the state income taxes in the United States. That is my information. I am relying on that.

Mr. HACKETT: I thought the matter was of such grave importance, and the assertion was made with such care and precision, that it would be well to find out how many states in the union have a higher income tax than New York, and how many states have a lower income tax than New York.

Mr. ABBOTT: I shall be very glad to get that information. I am introducing, I hope tomorrow, the Income Tax Act which we were discussing a moment ago with the hon. member for St. John-Albert, and I shall have that information available and perhaps give it then rather than hold up the committee this evening. I shall have to get the information and give it to the committee when we have the big bill before us, if that meets with my hon. friend's wishes.

Mr. HACKETT: I do not want to delay the bill, but I am going to suggest to the minister that he pick out some clauses which will stand and on which I can get the information. If that is agreeable, we can go on with it.

Mr. ABBOTT: I had rather hoped that we would be able to conclude consideration of these clauses this evening. If we cannot, of course we cannot; but I shall certainly get the information for my hon. friend and put it on *Hansard,* I hope within the next day or two, which I take it is what he wants. He is seeking information. He has no other purpose in his questioning.

Mr. HACKETT: I do not say that I am actually seeking for information alone. I am

[Mr. Speaker.]

under the impression that we have an income tax that is higher than the income tax in the United States. I wish to investigate that question rather closely, because I am one of those who feel that the country at large is suffering from an over-burden of taxation, and if it develops that our income taxation is higher than the income taxation in the United States it would be an added reason for a reduction.

I would call to the attention of the minister that a great point was made of the fact that our taxation was lower than the taxation in the United States.

Mr. ABBOTT: Only in certain brackets.

Mr. HACKETT: I concede that. I do not want to take in more territory than is necessary, but it was a great source of astonishment to me, and when I am astonished I like to find out whether my feeling is based on fact or whether it is just an impression that I had built up out of inadequate information. It would be a matter of great interest to the public at large to know whether income taxation in this country is lower than it is in the United States.

I am going to make this suggestion to the minister. I suggest that he let the section stand; that he do his utmost to get the information tonight, and if we get to the end of the bill and the information is not here I might wait until tomorrow.

Mr. ABBOTT: Perhaps we might continue to deal with this bill section by section, and when we get toward the end of it we shall see how we are getting along. I have given my assurance to my hon. friend and to the committee that I will get the information just as promptly as I can. I think I should be able to have it by tomorrow. I will give it to the house; if not on this bill, on the main income tax bill for which I have a resolution on the order paper. I will give it just as fully as I can get it.

Mr. HACKETT: I wish to make it quite clear that the information will come down in such form as can be readily used in debate.

Mr. ABBOTT: Yes. The main income tax bill will have to go through the regular stages, resolution, first reading, second reading and so on. I hope it may go to the banking and commerce committee, and then come back here for consideration in committee. The information which I shall give my hon. friend will be available for debate in the house.

Section agreed to.

On section 2—Exemption for taxpayer of age sixty-five.

Mr. MACDONNELL (Muskoka-Ontario): I want to raise a point which will be very familiar to everyone in the committee. Here again we run into our old friend the question of regulation by order in council which appears in subsection 2. I wish the minister would tell us something about the regulations and the way in which this has been managed up to now. Is there a well recognized procedure, or is the thing just dealt with more or less by guess and by God when each point arises?

Mr. ABBOTT: The language here has always been:

Such amount as the governor in council may, by regulation, allow . . .

It used to be by discretion. The amendment proposed here is to cover the case of taxes on income imposed by municipalities.

Mr. MACDONNELL (Muskoka-Ontario): I appreciate that.

Mr. ABBOTT: My hon. friend appreciates the reason why this amendment is being made. Our agreement is that we will extend it not only to taxes imposed by provinces but also to such taxes imposed by municipalities. As I understand it, the regulations have recently been published. Work has been proceeding on them for some time, and it is part of the practice which is being followed in the new Income Tax Act, of doing certain things which require some flexibility by regulation rather than by ministerial discretion. The regulations are made and published in the *Canada Gazette*. They are available to the general public and, of course, being regulations they may be amended from time to time. Broadly speaking, that is the reason for the use of regulations as distinct from ministerial discretion. When we come to the main Income Tax Act my hon. friend will see the number of cases where we provide that certain things may be done by regulation. In almost all these cases some relief is being given to the taxpayer.

I may say that one of the suggestions we have had from the accountants' association and others is that we may have to return to this much maligned system of discretion. We are trying out now the rather more formal method of regulation passed by order in council and published; but I have quite a lot of reservations myself, that in the effective administration of the Income Tax Act we may at some time have to return to some of these discretions. However I want that to be proved by the process of trial and error, and to show that all discretions are not as bad as they have been painted. That is the reasoning here.

Mr. HACKETT: I want to say to the minister that, while I intend to keep my powder dry, I have not believed that all discretions were irretrievably and hopelessly bad. Somebody somewhere sometime has to make a decision, and with all deference to other systems and to other officials in other countries, such limited experience as I have had in at least two other countries has made me not too prone to criticize my own. For my own satisfaction I should like the minister to tell me just what the difference is between leaving the discretion with the minister, which meant the commissioner, or deputy minister, or the executive head, and the governor in council, because, after all, the governor in council, the cabinet, will not go into these questions. They are going to deal with them very much as a matter of course, and it seems to me that we are getting back to the discretion of the departmental head. I am not terribly disturbed by that, but I am asking the minister if there is any difference between Tweedledum and Tweedledee. That is, between the decision of the governor in council and of the minister.

Mr. ABBOTT: The difference is this, that the ministerial discretion was exercised as discretion in individual cases, and it might, perhaps it did, vary from case to case. Where it is provided, as in this section, that a regulation is to be adopted by the governor in council, there must be formal government action, an order in council passed approving the regulation, and the regulation is published and is available to everyone. That is the difference and I think it is a very real one. In some cases it may prove to be cumbersome. In some cases there might be ministerial discretion which could be exercised as pure discretion and vary from case to case. These have been pretty well eliminated from the new act. That is what I find some difficulty in.

Mr. HACKETT: Suppose the governor in council passed a regulation—I will not attempt to define the type of case—wherein the minister should have complete discretion. Where would we land then?

Mr. ABBOTT: I do not know whether the power to delegate would exist there. It would be a delegation to someone else of powers specifically conferred by the statute on the governor in council, and offhand I would ques-

tion whether such delegation could be exercised. I think it would have to be spelled out in the regulation. The particular one here relates to taxes which the provinces may continue to levy, although they entered into an agreement with the dominion.

Mr. GIBSON (Comox-Alberni): Can the minister tell me what provinces now impose income tax on logging and mining companies?

Mr. ABBOTT: Ontario and Quebec. I am informed that they have such taxes. British Columbia has a tax, and while I do not know what it is, I am told that it used to be an alternative to income tax and is a tax on gross output. My hon. friend is probably familiar with that.

Mr. GIBSON (Comox-Alberni): It must be a royalty.

Mr. ABBOTT: I am not personally familiar with the tax. I am relying on information given me.

Mr. GIBSON (Comox-Alberni): Do Ontario and Quebec impose a special tax on mining and logging companies apart from royalties?

Mr. ABBOTT: Mining only. In the case of logging companies, I suppose the taxes are in the nature of stumpage dues and are probably not income tax. Those taxes are in lieu of royalties.

Mr. GIBSON (Comox-Alberni): They must be royalties. I do not think they are income taxes in the seven provinces.

Mr. ABBOTT: Probably not. In the case of mining companies in three provinces they are.

Mr. GIBSON (Comox-Alberni): But that is a royalty per ton, I should think.

Mr. MACDONNELL (Muskoka-Ontario): I want to come back to the question of regulations. As I understand it, the minister says regulations are in existence and have been published in the *Canada Gazette*.

Mr. ABBOTT: I am told they were completed within the last month or so on this particular section.

Mr. MACDONNELL (Muskoka-Ontario): Am I correct in thinking that those regulations, as they have been described by the minister, really become by incorporation a part of the statute law for the moment?

Mr. ABBOTT: That is a fair statement, yes.

Mr. MACDONNELL (Muskoka-Ontario): Then should we not know what they are? Are we not in effect approving this when we pass this section? Is it not just as if it were virtually a part of this section?

[Mr. Abbott.]

Mr. ABBOTT: This section has been in existence for some time, and in passing a provision of this kind parliament authorizes the governor in council to adopt regulations. The only amendment here is to extend the purview of the section to cover municipal cases. We are not putting in any new principle. The regulations have to be made public and parliament can get them in the *Canada Gazette,* or individual members can read them. It is not, however, customary to debate regulations in parliament. I shall be glad to provide them. All regulations of this kind are made public and this is not a new departure in this act. It is a fairly common practice, and has been for years, for parliament to authorize the governor in council to make regulations on certain specified subjects.

Mr. MACDONNELL (Muskoka-Ontario): Like the hon. member for Stanstead, I will not take a fanatical position with regard to the regulations. It does seem to me, however, that you might have a situation where, when a section of this kind is passed and the operation has to be worked out, you might need to give a considerable amount of discretion at the outset for operation by regulation; nevertheless you may reach the time when you have worked out a technique and do not need to go on in that way. I should like to know what the regulations are, to see whether that time has arrived, or whether it is perfectly clear that the regulations are still needed for operation. I do not wish to be sticky and to hold the thing up. Perhaps this might be left and dealt with later. I do not mean for the bill to stand, but—

Mr. ABBOTT: I understand that in the case of this particular type of income the definition is complex. Under the old system it would read like this: "Such amount as the minister in his discretion may allow in respect of taxes on income for the year from mining or logging operations." That would have been the old system, because those are taxes which, if the provinces see fit to do so, they can continue to impose, although in some cases they turned over their taxation rights to the dominion. It is obvious that there must be some protection there for the dominion treasury. It is a concession that is being given. We would not have to allow this as a deduction if we did not want to do so, and nearly all these things are concessions to some taxpayer. The technique, for what it is worth, of regulation rather than ministerial discretion has been adopted, and in the larger act which will be before the house and the committee shortly, as those who examined Bill 454 last year will

see, there are many cases in which provision is made for the adoption of regulations by the governor in council to cover what was previously handled by straight ministerial discretion.

Mr. HACKETT: I suggest to the minister that he has made a statement which may prove troublesome to him. I do not think the minister wished to say that it is a matter of concession, it should not be. It is a matter of equity, of justice, of balanced treatment between all concerned. I know the minister is capable of stating his own case.

Mr. ABBOTT: I will not quarrel with my hon. friend about language, but it is permitting deductions from what would otherwise be income. It is allowing the taxpayer to deduct, from gross income at any rate, certain items which would otherwise not be allowed as deductions.

Mr. HACKETT: But it is not because the minister likes the taxpayer, or because of this or that accident. It is to do fundamental justice.

Mr. ABBOTT: Of course. I do not quarrel for a moment with my hon. friend on that. He is absolutely right.

Mr. MACDONNELL (Muskoka-Ontario): There is something else about which I am not clear. Is the reason why this cannot be stated definitely, the fact that the department is dealing with a situation which may change by reason of changes made by other jurisdictions?

Mr. ABBOTT: It is because these taxes can be as varied as the colours of the leaves in the fall.

Mr. MACDONNELL (Muskoka-Ontario): Perhaps the minister would explain that.

Mr. ABBOTT: It is within the jurisdiction of the provincial legislatures to impose any sort of tax they like on matters within their jurisdiction. We allow a deduction from future income tax for taxes on income for the year from mining or logging operations. One does not allow deduction of provincial income taxes on other types of operation, as my hon. friend knows. It is only in these special types of businesses. Ordinary provincial income taxes are not and never have been deductible from income for the purpose of dominion income taxes. That is the position. It is pointed out to me that in mining operations it is necessary to distinguish between milling profits, which is a form of industrial operation, and mining profits derived from getting mineral from the earth.

Mr. MACDONNELL (Muskoka-Ontario): Is the minister saying then that if I wish to go into this business or to set myself up in business, I am absolutely at large with regard to taxation? Is the minister saying that I do not know what my provincial tax will be or what my federal tax will be? Or have I misunderstood the minister? Is that what he said?

Mr. ABBOTT: No. If my hon. friend is in the logging business or the mining business, he knows exactly what his provincial taxation will be. But in order to determine how much of those provincial taxes, if any, he can deduct from his income in computing his federal income tax liability, he must look at the federal regulations. In the case of mining those may and do set out the rules to determine what portion of the profits are derived from milling operations in the case of a mine and what are derived from the mining operations. As my hon. friend knows, the reasons for allowing this deduction in the case of mining or logging operations are that those are the development of national resources within the provinces. They are the only two types of operations where income tax imposed by the province is deducted from income tax before federal taxes are computed. In no other type of business is that allowed.

Mr. GIBSON (Comox-Alberni): I think the difficulty is that you call a royalty an income tax. It does not strike me that the wording is quite correct. It appears to me to be a kind of checkrein that the federal government has on our provincial governments.

Mr. ABBOTT: Royalties have always been deductible.

Mr. GIBSON (Comox-Alberni): I think this must be a royalty. I cannot understand how we can pay a provincial income tax. What is the machinery to collect that? I know we used to have it, but actually I do not see any machinery for collecting it.

Mr. ABBOTT: Ontario collects one, and has for years. It collects a tax on mining profits.

Mr. GIBSON (Comox-Alberni): It does not single them out specifically, does it? These two businesses are not singled out specifically?

Mr. ABBOTT: Under their mining tax act, I am told they do.

Mr. HACKETT: At the risk of trying the patience of the minister, I intend to ask him to take a concrete example in either mining or lumbering, whichever industry he feels better able to deal with, because to some of us it is not quite clear what is the basis of the difficulty which makes the discretion so indispensable in these two cases.

Mr. ABBOTT: The regulations set out a formula as to what constitutes mining profits as distinguished from milling profits. Some concerns operate mines and do not do any milling at all but ship all the ore to another smelter in order to have the minerals refined. Other mines combine the operations. Some formula must be determined for establishing what portion of the total profits of that second type of mine is true mining profits and what portion is profits derived from the operations of a smelter. I am told that is a fairly technical and complicated job. I know that discussions have been going on for some time with the department of mines and resources of the various provinces, particularly I think with—

Mr. HACKETT: Quebec, Ontario and British Columbia.

Mr. ABBOTT: —Ontario and British Columbia, to work out that formula. It is to put that in a formula that it is considered necessary to have this power of determining it by regulation. I think it is reasonable. It could have been by discretion. As I said before, it could be that the minister should allow as a deduction only such portion of the profits as he in his discretion might determine. But following the regulation principle which we are incorporating in the big act, and which I have discussed before, it was put in in this case as well. I think it applies particularly to mining companies, because I do not know that at the moment there is any specific income tax imposed upon logging operations. But it is perfectly open to any province to do so if it wants to, since in our offers to the provinces we have specifically said that income tax with respect to mining and logging operations may be deducted from income for purposes of computing dominion tax. I repeat what I said before, that it is only with respect to these two types of businesses that that special provision applies.

Mr. HACKETT: I can understand that there may be an arbitrary determination that mining and lumbering shall be subject to a tax, but until I have further information I have difficulty in distinguishing any ground for particular treatment of mining, let us say, as compared with wheat growing, other than the aspect of depletion. I am not dealing with depletion at the moment, because that is dealt with in a particular way and according to arbitrary regulations which are applied. A mine brings up its ore, and the rough ore goes through a preliminary refinement which permits the unrefined metal to be shipped to the smelter. There is the mining operation; there is the preliminary milling operation. The smelting is done elsewhere. If it is lead, it is done in Belgium or in one of the remote states of the union. We have no lead smelter in Canada at the present time. How does that differ from the growing of wheat, leaving aside the matter of depletion? The wheat is grown on the land. It is a natural resource. It is mined. Later it is milled and refined. What is there in those two operations that is so entirely different as to make it necessary to enact particular rules in the one case, whereas general rules apply to the other?

Mr. ABBOTT: There may be some similarity. One can grow another crop of wheat or crop after crop of wheat, but one cannot grow another crop of ore. Once the mine is exhausted, there is no more mine.

Mr. HACKETT: Another crop of timber can be grown.

Mr. ABBOTT: It is true that another timber crop can be grown if one follows a suitable reforestation policy, but it is a long-term matter. As my hon. friend knows, depletion is allowed in connection with timber limits and it is not allowed in connection with wheat fields. There is the general principle. It is probably not relevant to this discussion, but in the dominion-provincial discussions this provision was asked for by all the provinces, particularly by Quebec and Ontario where there are large mineral and lumber resources. It seems fair that in the case of taxes imposed with respect to these great natural resources of minerals and timber it should be allowed; and I think one province, Ontario, has urged that the royalty tax in these matters is an unfair and unsatisfactory method of collecting revenue from these resources. Ontario has urged that it should be in the nature of an income tax, and that a mine should not pay anything unless it was making a profit out of its operation. There is a good deal to be said for that point of view. A royalty is paid whether or not the mine is a profitable operation, whereas a form of income tax, because it is a tax on income, is payable only if the mine makes a profit. That was urged quite strongly, and that view has been recognized in permitting a deduction of what is an income tax from the dominion tax, in the case of these two types of natural resources.

Mr. MACDONNELL (Muskoka-Ontario): I thought I understood this at one stage, but I have slipped back; and I am going to put part of the blame on the minister, rightly or wrongly.

Mr. ABBOTT: These are complicated and technical matters. I do not wonder that my hon. friend is confused.

Mr. MACDONNELL (Muskoka-Ontario): I may not understand it now, but I want to understand it; and I want to recall to the minister two things he said. At one time I asked if the need for this rather flexible arrangement resulted from the fact that he had to deal with unknown and perhaps unpredictable tax situations in other jurisdictions, and I think the minister said yes. Then I asked whether that meant anyone going into a business of this kind is at large with regard, first of all, to the provincial tax and, then, the dominion tax; and, as I understood him, the minister said, "Oh, no. Everybody knows what the provincial taxes are."

Mr. ABBOTT: If they do not they can find out.

Mr. MACDONNELL (Muskoka-Ontario): But if that last statement stands, if I have stated it correctly, I am still in the difficulty mentioned by the hon. member for Stanstead, in failing to understand, why, if you know the conditions, if there is no unknown as far as your imposition of the tax or your relief from the tax is concerned, it has to be left discretionary. I am still perplexed about that, as to why you cannot state now what it is.

Mr. ABBOTT: Well, the provincial authorities may impose a tax on mining companies. They do that under the mining tax acts. They may do that instead of royalties, they impose what is in the nature of an income tax. As I understand it, that is a tax on all the income of the mining company including refining profits as well as mining profits. So the dominion government, in allowing a deduction from its own tax in this case, confirms by regulation a formula which we recognize for the purpose of determining the allocation as between mining profits and refining profits. The section must be made general because, if a province does not have such a law now, it may have one after the next session of the legislature. So we must have an enabling law here which will apply to all provinces; and that is what we have. I have not heard that there is any difficulty in working this out in practice. I am told it is workable, and I believe it to be. The regulations I have been referring to have been worked out as a result of discussions with the mining departments of the different provinces, particularly Ontario, and I am told they are now in very satisfactory shape. I cannot say that from personal knowledge; I am only going by hearsay.

Mr. HACKETT: I am not complaining of any dissatisfaction; I am trying to ascertain where the necessity arose from an understanding between the provinces and the dominion.

Mr. ABBOTT: I am told there was a great deal of discussion in working out the formula. That took quite a little time. There was a great deal of discussion with the officials of the provincial governments in working out a formula, and it may vary a bit, I am told, according to the different types of mining operations. But that is now completed, and I am informed that a reasonably satisfactory formula has been worked out and incorporated in these regulations, which were formally adopted about a month or so ago. One of the practical advantages of the regulation method is that if, in practice, defects are found in this formula, or if they find bugs in it, to use the colloquial phrase, it can be quickly changed.

Mr. HACKETT: There is one other aspect of the income tax act which applies to natural resources, about which I should like to ask the minister. I believe that in the United States the royalties accruing from owners' shares of oil stocks are free from taxation, and that here they are not. I understand that the minister's predecessor had some opportunity of discussing this matter, and I should like such enlightenment on the point as the minister may be able to give.

Mr. ABBOTT: I have not that information available just at the moment. I did not know that in the United States the entire amount of royalties received was free from tax.

Mr. HACKETT: Only that portion which the owner gets.

Mr. ABBOTT: My hon. friend is referring to what are sometimes known as head royalties?

Mr. HACKETT: Yes, that portion which remains with the owner of the service.

Mr. ABBOTT: I am surprised to hear that they are free of taxation, but certainly I shall look into the matter and see what the situation is.

Mr. KNOWLES: Before this section carries, I should like to repeat our opposition to what the government has done under the provisions of paragraph (cc). As we have said previously, we wholly agree with the idea that assistance

should be given to Canadians in advanced years. But we feel that if the government is going to give such assistance to the tune of an extra $5,000,000 a year it should have been done in some other way than by this provision. As the minister knows, this gives assistance to those who have sufficient income to be required to pay taxes, and the more taxes they pay, the greater will be their benefit. We feel that, instead, this $5,000,000 should have been given to those on old age pension. An alternative suggestion of considerable merit was made a few days ago in the editorial columns of the Ottawa *Citizen,* namely, that if the government wants to help people help themselves to a more comfortable old age, some of this money might well have been spent in lowering the rates of government annuities.

Mr. DIEFENBAKER: I want to ask one question on a matter which is of general interest in connection with the determination of income and the investigations that are carried on in arriving at that income. To what extent are safety deposit boxes searched without court orders? That is a matter on which there is considerable interest throughout the country, and I should like a statement from the minister. This is the first opportunity I have had to bring the matter to his attention in order to ascertain whether or not secret investigations do in fact take place without court orders and without notice to the taxpayers.

Mr. ABBOTT: Officials in front of me say they know of no case in which a safety deposit box has been investigated without a court order. I certainly know of none. Of course it is not in my department; it is in the Department of National Revenue. I have officials of that department in front of me, but they do not know of it.

Mr. DIEFENBAKER: I have a point to mention in connection with the determination of income. It concerns farmers' income. I would bring to the attention of the committee a situation which is quite general in Saskatchewan where the Minister of Agriculture on April 2, addressing a Liberal caucus—

—rapped political informers in income tax hounding.

I shall now read from a letter from a constituent which, if he wishes, I can send to the minister. The letter reveals a situation unfair to farmers. It states:

> I made out my income tax forms. I totalled the whole crop that was threshed on the farm, including wheat, oats and barley; valued it at the market value, and stated the amount in the income column.

[Mr. Knowles.]

In other words, this man gave a complete and full statement. The letter continues:

> Then I deducted all seed and feed which was fed and seeded on the farm, and showed that amount over in the expense column. Now I am told that I cannot be allowed because I actually did not buy the feed and seed.

Now, sir, that mistake has been made by numbers of farmers. The ruling of the department is that, because a farmer made a mistake such as that, there is no remedy. After all, we cannot expect farmers to be bookkeepers. I do not know many lawyers who can fill out their income tax returns with any degree of certainty. We have to go to the accountants to find out how to make out those returns.

Mr. BURTON: And you have to check their figures.

Mr. DIEFENBAKER: I never got that far, because I never got my return back in sufficient time before I had to file it.

But here are farmers in Saskatchewan and elsewhere in western Canada who, because of their mistake in entering all their production, are being told that, having made that mistake, they have no recourse, and they must pay the full amount of the income tax. I point this out because it is the general condition. It is a complaint I have received from at least half a dozen farmers; and it is one which indicates a position under which officials rely too strongly upon the letter of the law, rather than upon the spirit of the law. I believe something should be done by the minister to tell officials that conduct of that kind can have but one result, and that is the building of a feeling of oppression among the farmers affected. I hope the minister will do something about it. If a farmer is honest in making his return, and over-states his income by placing the total amount of his crop in the income column, then by reason of that mistake in bookkeeping he should not be denied the right to have his assessment made on a proper basis.

Mr. ABBOTT: My colleague the Minister of National Revenue is not in his seat at the moment, but I shall see that my hon. friend's remarks are called to his attention.

Section agreed to.

Section 2 agreed to.

On section 3—Deduction by employee for expenses while travelling on employer's business.

Mr. MACDONNELL (Muskoka-Ontario): May I ask that we go back to section 2? I should like to ask a question in respect of subsection 3. What is the meaning of the

introduction of the reference to an employee as a full-time servant in a self-contained domestic establishment.

Mr. ABBOTT: The effect of the provision is that only one claim for exemption can be made in respect of the same dependent.

Mr. MACDONNELL (Muskoka-Ontario): I read that, but it does not seem to explain anything.

Mr. ABBOTT: If a man who comes within this category is supporting a child in his residence he can claim marital status and a deduction for the child as a dependent, if he employs a full-time servant or housekeeper. If he does not employ a full-time servant or housekeeper he can claim only marital status. He cannot get the full benefit of the marital status and also a deduction for a dependent child unless he is employing someone to take care of the house and look after the child.

Mr. MACDONNELL (Muskoka-Ontario): The hon. member for Winnipeg North Centre makes a suggestion to me privately concerning the effect of that section, but I shall not put it on record. It does seem to me that it is not very clear.

Mr. ABBOTT: It is not new. It was in there before. It was there for years and was omitted last year.

Mr. MACDONNELL (Muskoka-Ontario): It was not very sensible to omit it last year.

Mr. ABBOTT: I think it would be most inequitable to omit it.

Mr. MACDONNELL (Muskoka-Ontario): In other words, you force a man who has lost his wife to incur additional expense because he no longer has a wife. That seems to me a most extraordinary suggestion.

Mr. HERRIDGE: This provides that a married man who can afford to have a housekeeper the year round will have an exemption. I have a case in mind of a man whose wife was ill for six months. He employed a nurse to care for her, but because she was employed for only six months he was not allowed any exemption. On the other hand, had he employed the housekeeper for a year he could have had the exemption. Surely that is not logical.

Mr. ABBOTT: Let us take the case of a widower with one child. He has a home. He is entitled to claim marital status because he is maintaining a self-contained establishment, and he has someone depending upon him in that establishment. That gives him an exemption of $1,500. He can also claim an additional $300, or whatever the amount is, if he maintains someone there to look after the child. If he is not maintaining someone to look after the child, then he cannot claim for the child as a dependent.

Mr. MACDONNELL (Muskoka-Ontario): I still think the result of it is that you are giving to the man who is much better off an exemption which you will not give to the man who is much worse off. Is that not the plain fact?

Mr. GIBSON (Hamilton West): No.

The ACTING CHAIRMAN (Mr. Mutch): Shall section 3 carry?

Mr. MACDONNELL (Muskoka-Ontario): No; just a minute. We were still to get an answer to a question on clause 2.

The ACTING CHAIRMAN (Mr. Mutch): We carried clause 2 and then by consent a question was asked. I again asked if clause 2 should carry, and it was carried.

Mr. ABBOTT: This has been the law for a long time. I must confess that I think it is equitable. It is not a question whether a person is better off or worse off; it is a question of what exemption one should get for a certain status. That was the law for a long time.

Mr. KNOWLES: May I take a hand in this? If you had not this section it would mean that a married man with one child would get an exemption of $1,500, plus the exemption for the child, and—

Mr. ABBOTT: This does not apply to a married man.

Mr. KNOWLES: But what I have said would apply anyway. A married man with a wife and one child gets an exemption of $1,500 plus $300 for the child. Without this new section, a widower maintaining an establishment and having one child, but not having a wife, would also get an exemption of $1,500 for maintaining the establishment, plus $300 for the child. In that sense you would be giving the widower with one child the same exemption that you give to a man with a wife and one child.

Mr. ABBOTT: That is correct.

Mr. KNOWLES: This is an attempt to straighten it out?

Mr. ABBOTT: If he has someone who cares for the child as a wife would, then he gets exactly the same exemption.

Mr. KNOWLES: I have known of cases like that of a widower with a child who employs a housekeeper. He feels that he should get the same exemption as a married man with one child, and this would do it.

Section agreed to.

Section 4 agreed to.

On section 5—Conditional exemption.

Mr. ABBOTT: I think in fairness I should make a brief explanation with respect to this section, and I hope I can get it through before eleven o'clock. Subsections 5 and 6 of section 9 are repealed. As I explained, and as is stated in the explanatory note to the bill, the present averaging provisions in the Income War Tax Act will be replaced by new provisions in the Income Tax Act which will shortly be considered by the house. However, in asking the house to repeal the present measures I should make a statement at the same time outlining the new provisions and explaining how they will differ from the present ones.

First of all, I might explain the reasons for making the change. They are twofold. The change is an attempt to meet the requests of farmers and farm organizations that the averaging should cover a period longer than the present three-year provision. The second purpose is to remove some of the complexities involved in fitting a moving average into a system which at the same time allows the carry backward and forward of losses.

It is proposed that the present three-year moving average be replaced by a five-year averaging on what might be called a "block system". Under the so-called "block system", a farmer may average income for a five-year period and follow it subsequently with a second five-year period, and so on. The averaging periods do not overlap under the block system as they do under the moving average introduced two years ago.

Under the proposed system, the farmer will continue to use the one-year carry back and three-year carry foward of losses. He will then be permitted to average on a five-year basis the incomes as they stand after adjustment for losses.

One of the objections to a period as long as five years was that a farmer would have to wait for this period before securing any benefits from it. It is proposed, therefore, that a farmer may at his option average at the end of four years in the first instance. Thus, the first period for which averaging may be adopted will be 1946, 1947, 1948 and 1949. In the meantime the farmer will be able to take full advantage of the carry backward and forward of losses.

I believe the new system outlined retains all the benefits which could properly have been obtained under the moving average. In addition, and I regard this as perhaps the greatest advantage of the new system, the new system will be simple to understand and use. I am afraid that the present law providing for a moving average to operate in conjunction with the carry forward and backward of losses might have been too complex for successful operation.

I make that explanation now, because the new bill will contain a provision for the five-year average, and I felt that I should not repeal the existing sections in the present act without making that explanation.

Mr. GIBSON (Comox-Alberni): Would that apply also to fishermen?

Mr. ABBOTT: Yes.

Section agreed to.

On section 6—Tax on non-residents in respect of patronage dividends or premiums paid to non-resident on redemption of shares.

Mr. BENTLEY: I want to see if I can get to the bottom of the fairy tale which begins in the middle of page 4 of the bill at line 18. I do not know who wrote this, but it was not Shakespeare. I have been trying to understand this ever since the bill came to me in the mail. Does it mean that patronage dividends apply to the entire balances of shares or capital and that they shall be considered as income in the hands of the member at the time of such application and shall not be taxable again when redeemed? Is that what it means? I want to see if I have interpreted aright this terrible collection and conglomeration of words. If anyone wanted to bring about confusion he has certainly done an excellent job.

Mr. ABBOTT: This is an amendment to sections 9B and 9C and relates to non-residents. This section will have no application to recipients of patronage dividends in Canada. It is being inserted in the non-resident taxing section which, as I explained at the resolution stage, is to impose a fifteen per cent tax on non-resident recipients of patronage dividends. Non-resident recipients of patronage dividends which take the form of an issue of certificate and not cash will be taxed at the time they get the certificate, but not when the certificate is redeemed.

Mr. BENTLEY: The minister's explanation would apply to the new subsection 14.

Mr. ABBOTT: That is correct.

Section agreed to.

Sections 7 to 16 inclusive agreed to.

Bill reported, read the third time and passed.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): Tomorrow we shall take up the third reading of Bill No. 333, to amend the Customs Tariff. Then the two resolutions standing in the name of the Minister of Finance, being Nos. 16 and 17 on the order paper of today. We shall then move to go into supply, but we perhaps shall not continue in supply because we would like to take up the two resolutions in the name of the Minister of Mines and Resources, being Nos. 10 and 11 on the order paper of today.

Mr. KNOWLES: Before the house adjourns, may I take just a few seconds to do what I think hon. members would like to have done, namely, express a word of thanks to the Canadian Press for the splendid service they have given us tonight in making known the returns of today's election.

Mr. SPEAKER: Is the hon. member rising on a question of privilege?

Mr. KNOWLES: Yes, on a question of privilege. We of the house are grateful to the Canadian Press for the service they have given us tonight. The returns that they have sent in every few minutes have pleased some of us more than they have pleased others, but at any rate it has given us a very interesting evening.

I am neither a prophet nor the son of a prophet, Mr. Speaker, but I find that last Monday evening when the hon. member for Peel (Mr. Graydon) made a certain interjection in something I was saying I replied in this short sentence with reference to the returns of June 7, "That may be the end of Drew."

Mr. MACDONNELL (Muskoka-Ontario): Don't you ever think that!

Mr. FOURNIER (Hull): Before we adjourn, I should like to say that when these resolutions are carried we shall take up supply, and I believe it will be Justice, Secretary of State and Transport.

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

HOUSE OF COMMONS

Tuesday, June 8, 1948

The house met at three o'clock.

HOUSE OF COMMONS

LA SALLE CADETS INSPECTION—RIGHT OF MEMBERS TO ACCESS BY CENTRAL WALK

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, I wish to raise a question of privilege that concerns every member of the house.

Last summer, while this house was in session, the La Salle cadets paraded on the lawns in front of these parliament buildings. Later, during the evening, several members of parliament—if I am correctly informed, members representing all the major parties—entered the front gate and attempted to proceed to the House of Commons by the main walk, and were stopped from doing so by a member of the Royal Canadian Mounted Police. They explained to him that they were members of parliament. That made no difference. An order had been issued that everyone must come to the House of Commons around by the east block. Therefore these members had to proceed to the House of Commons via the east block.

I wish at this time, Mr. Speaker, to protest strongly against the placing of members of this house in such a position that they must approach the building after the fashion of the butcher boy delivering a pound of sausage by the tradesmen's entrance.

Last Friday evening the La Salle cadets were parading again on the lawns in front of the House of Commons. I had occasion to approach the house by the central walk, and, when about half way between the front gate and the House of Commons, I was informed that the La Salle cadets were being paraded and reviewed, and that they were being reviewed by a special visitor from Rome, Italy, Brother Athanase Emile. Knowing of the record of the La Salle cadets, and being interested in this distinguished clerical visitor, I stopped about half way between the front gate and the House of Commons and watched the cadets being inspected by the visitor, followed by Colonel Purves of national defence headquarters, a member of the Canadian armoured corps. I saw these cadets very smartly give the general salute to the distinguished clerical visitor.

At that time a staff sergeant of the Royal Canadian Mounted Police approached me and informed me that the grounds for that period were reserved for the La Salle cadets, the officers of the Department of National Defence on the grounds, and the distinguished visitor, and that I would have to move.

Now, Mr. Speaker, I must say that I am one of those to whom on such occasions the scroll of British history swiftly unfolds itself before mine eyes, and I am quickly moved by such events. Therefore I informed the staff sergeant that I was a member of parliament and as such I did not intend to budge, come what may. At this point the staff sergeant was most courteous, I might say almost embarrassed. He explained to me the reason for the grounds being reserved. I protested and said that this was a violation of the rights of members of the House of Commons, and no explanation from him could alter my determination to stand my ground, since I considered this order an indignity upon members of the House of Commons.

In view of the fact that the zephyrs of indignity can soon become the winds of intolerance, and the winds of intolerance the hurricane of tyranny, I wish to protest most vigorously against this transgression of the freedom of members within the precincts of the House of Commons, and against this indignity to members of parliament, to the representatives of the people, and thus indirectly to the Canadian people as a whole.

VACANCY

RESIGNATION OF MEMBER FOR THE ELECTORAL DISTRICT OF ROSTHERN

Mr. SPEAKER: I have the honour to inform the house that I have received the following letter:

Dominion of Canada House of Commons

To wit:

To the Honourable the Speaker of the House of Commons:

I, Walter A. Tucker, member of the House of Commons of Canada, for the electoral district of Rosthern, do hereby resign my seat in the said House of Commons, for the constituency aforesaid.

Given under my hand and seal at the town of Rosthern this 7th day of June, 1948.

Walter A. Tucker.

I have accordingly issued my warrant for a new writ for an election in the electoral district of Rosthern.

LAND TITLES ACT

AMENDMENTS WITH RESPECT TO CERTIFICATES OF TITLE, ETC.

Hon. J. A. MacKINNON (Minister of Fisheries) moved the first reading of Bill No. 334 (from the senate) to amend the Land Titles Act.

Motion agreed to and bill read the first time.

CRIMINAL CODE

INCREASE OF PERCENTAGES RETAINED FROM PARI-MUTUEL BETTING POOLS

Hon. DOUGLAS ABBOTT (Minister of Finance, for the Minister of Agriculture) moved the first reading of Bill No. 335 (from the senate) to amend the criminal code (race meetings).

Motion agreed to and bill read the first time.

ISRAEL

INQUIRY WITH REGARD TO RECOGNITION BY CANADA

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to direct a question to the Prime Minister, in the absence of the Secretary of State for External Affairs (Mr. St. Laurent). Has the government come to a decision regarding Canada's recognition of the new state of Israel?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The matter is still under consideration.

TRANSPORT BOARD

JUDGE OF EXCHEQUER COURT TO BE CHIEF COMMISSIONER

Right Hon. W. L. MACKENZIE KING (Prime Minister): On May 26, I gave this house a statement of the legislation which remained to be dealt with during the present session. At that time I indicated that amendments to the Judges Act and to the Railway Act relating to the board of transport commissioners would be introduced.

The proposed legislation has reference to government plans for a reconstitution of the board of transport commissioners in view of substantially increased responsibilities which it is expected that board will have to assume over the coming years. I am now in a position to give further details regarding the proposed legislation.

A single bill will be introduced to amend the Railway Act, the Exchequer Court Act and the

[Mr. Speaker.]

Judges Act, 1946. This bill will provide that a judge of the Exchequer Court of Canada shall hold the office of chief commissioner of the board of transport commissioners. Such judge, however, while acting as chief commissioner, will devote his full time to the work of the board.

The bill will also provide, with a consequential amendment in the Judges Act of 1946, that in the light of the foregoing change the exchequer court will be increased by one, to consist thereafter of the president and four judges, instead of the president and three judges as at present.

The bill will not in any way change the term of appointment to the post of chief commissioner from a ten-year period. When a judge of the exchequer court has served for this term as chief commissioner he will, unless his term of office is extended, return to the exchequer court; his successor will then be appointed from that body.

Colonel J. A. Cross, C.M.G., D.S.O., K.C., whose term of office expires in February, 1950, having been advised of the intention of the government to reconstitute the board as indicated and of the heavy additional duties and responsibilities which the board will be expected to perform over the coming years, has informed me that, in the circumstances, taking into consideration the fact that he is not far from completing his term of office as chairman, it would be in the best interests of all concerned for the government to make immediate arrangements for a new appointment to the post of chief commissioner and has accordingly tendered his resignation as chief commissioner of the board, to take effect at the pleasure of the government.

The government shares the view expressed by Colonel Cross, and intends to accept his resignation, as soon as the bill I have referred to is enacted. I am pleased to be able to announce that the Hon. Maynard Brown Archibald, a member of the Supreme Court of Nova Scotia, has agreed, when the necessary legislation has been passed, to accept the appointment of chief commissioner of the board of transport commissioners. Mr. Justice Archibald will then be first appointed to the Exchequer Court of Canada and immediately thereafter be named as chief commissioner of the board.

I should like to take advantage of this opportunity to extend to Colonel Cross the thanks of the government for the valuable services performed by him during the years he has been holding the very responsible position of chief commissioner of the board of transport commissioners. A former attorney general of the province of Saskatchewan,

Colonel Cross brought with him to Ottawa years of experience at the bar which have been of great service to him in his capacity of chief commissioner, and which, in turn, have enabled him to perform many years of devoted public service to Canada.

S. S. "ABEGWEIT"

INQUIRY AS TO STRUCTURAL CHANGES

On the orders of the day:

Mr. J. W. MacNAUGHT (Prince): I should like to direct a question to the Minister of Transport. Has any decision been made concerning the planking of the railway car deck of Q.S.M.V. *Abegweit* to permit trucks to drive on and off that deck under their own power?

Hon. LIONEL CHEVRIER (Minister of Transport): Yes, a decision has been arrived at. For some time consideration has been given to the planking of the lower deck of the *Abegweit*. After weighing all the arguments for and against, the government has decided that a steel floor over the entire deck should be laid at the earliest possible opportunity. At the present time the *Abegweit* is in dry dock in Montreal, and should be ready to proceed to Northumberland strait on the tenth of this month. Before the necessary steel becomes available and is installed, a period of seven or eight weeks would elapse, which is far too long a time to immobilize a vessel costing upwards of $7,000,000. Furthermore, the *Abegweit* will be needed shortly to take care of the tourist traffic to Prince Edward Island.

As an alternative, it has been decided to cover half the lower deck with wooden planks specially treated with fire-resistant paint. Instructions were given to make a start on this work yesterday, and I am advised that to complete this job will require twelve days at the most. The *Abegweit* would, therefore, be ready to proceed to Borden at the latest on the twentieth of this month, in sufficient time to take care of the heavy summer traffic.

WHEAT

INQUIRY AS TO ANNOUNCEMENT OF PRICE OF EASTERN SOFT WHEAT

On the orders of the day:

Mr. J. A. CHARLTON (Brant): I should like to direct a question to the Minister of Trade and Commerce. Is he prepared to make a statement as to the price of eastern soft wheat for the coming crop year?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): It is difficult to make a statement for the reason that it is not customary to announce a change in price in advance of making the change. However, I will make a statement before many weeks go by.

CUSTOMS TARIFF

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the third reading of Bill No. 333, to amend the Customs Tariff.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Before the motion for third reading is put, Mr. Speaker, I rise to move a brief amendment. It relates to a provision that was introduced into this legislation last Wednesday evening, June 2. Prior to that time the only announcement that had been made with respect to the suspension of certain British preferential tariffs from May 19, 1949 to June 30, 1949, was to the effect that these tariffs would definitely be off for that period of time. However, last Wednesday evening the Minister of Finance (Mr. Abbott), in what I felt to be only a plausible defence of his action, announced that the government had decided to introduce a proviso. That proviso took the form of an amendment to the resolution which was before the house, and it is now in the bill before us. The proviso suggested by the government would give to the governor in council the power to suspend any of those suspensions during the period in question. If I may get away from the use of the double negative which is inevitable in discussing this matter, it amounts to this. Tariffs on certain British goods are now off, and will be off until June 30, 1949. But this new clause, which has been put in, gives the government power by order in council to put any or all of those tariffs, which have thus been taken off, back on during that period.

I have two strenuous objections to this clause. In the first place, we of this group regarded the action of the government in taking off these tariffs as good, as the proverbial step in the right direction. Now that this step has been taken we do not like the idea of a few doors and windows being left open for some of these tariffs to be reimposed. I am sure those on the government side, such as the hon. member for Winnipeg South Centre (Mr. Maybank) and the hon. member for Winnipeg South (Mr. Mutch), who voted with us when we tried to strike this clause out of the legislation during the resolution stage, will share our view that the removal of certain tariffs on British goods was a step in the right direction and should stand.

But in addition to my own support of the proposal to remove these tariffs, I strongly object to the government asking parliament to give it yet another power to take action by

order in council. I know the government has multitudinous powers by order in council now. I know the very bill which is before us has in other respects powers given to the government to make changes by order in council. But that does not justify giving yet another such power.

I was most interested in the support given my suggestion the other night by the hon. member for Stanstead (Mr. Hackett), the hon. member for Nanaimo (Mr. Pearkes) and others of the group to my right. They took the view that whatever their stand was on the tariff question, they simply could not support this further addition to the order in council powers of the present government; and I was impressed by the way in which a number of my hon. friends to the right took that stand and stood up to be counted with us when the vote was taken in committee.

In fact it would seem that the issue is quite clear. It is not only the issue of the tariff question itself; there is this overriding issue of the request of the government for this additional power to take action by order in council. The other evening when I moved a subamendment to strike out this power, at the resolution stage, I noted that the Minister of Finance said he welcomed the subamendment and was quite prepared to leave it to the house to make a decision. I wondered whether the members of his own party caught the full import of his statement that he would leave it to the house. I thought he was making it clear that the government was not going to stand or fall by his proposal; that in effect it was a free vote, and I thought that many Liberals would vote in a liberal manner when the vote was called. Today, when I move the same amendment at this third reading stage, I hope a free vote will be offered, and that the government will permit the house to decide on this important question.

The reasons given by the minister the other evening for introducing this order in council power related to what he described as uncertain conditions in the world and particularly in world trade at the present time. As I say, that defence struck me as only plausible; for we have all been conscious of the fact that there are in Canada certain interests which did not welcome the removal of these British preferential tariffs for even the short period of thirteen and a half months. We are conscious of the fact that strong recommendations have been made to the government to reimpose all or at least some of these tariffs immediately. Frankly, I do not think the government should leave itself open to the temptation to yield to those representations, by having in this legislation the power by order in council to put any or all these tariffs on once more.

There is the situation, Mr. Speaker. It is not necessary for me to take any more of the time of the house in presenting it. I hope the Minister of Finance will again say that it is up to the house to decide. I hope my hon. friends of the Progressive Conservative party, led by the hon. member for Stanstead, the hon. member for Nanaimo and others who voted for us the other evening, will succeed in persuading others of their number today to vote with us against this wide order in council power. I hope the hon. member for Winnipeg South Centre and the hon. member for Winnipeg South will be joined today by other Liberals who will vote against this open door and these open windows which would make possible the reimposition of tariffs on British goods during the period of time between now and June 30, 1949.

To bring the matter to a head, Mr. Speaker, I have pleasure in moving, seconded by my colleague the hon. member for Cape Breton South (Mr. Gillis):

> That Bill No. 333 be not now read a third time, but that it be referred back to the committee of the whole house for the purpose of amending section 4 thereof by deleting subsection (c), namely lines 26, 27 and 28 on page 7 of the bill.

If I may read those three lines, they are as follows:

> (c) The governor in council may at any time withdraw, in whole or in part, the suspensions in duty provided for in paragraphs (a) and (b).

The effect of my amendment would be to delete that subparagraph from the bill.

Mr. J. M. MACDONNELL (Muskoka-Ontario): I should like to make one point before this amendment is voted upon. We are now well into the middle of June. It will be at least the end of June, I presume, before we leave here, and in the ordinary course of events we shall be back in a little more than six months. There will be only a short period during which parliament will not be in session. I cannot believe that for the sake of this short period it is necessary to contravene a principle which has been so stoutly maintained here in the past.

Hon. DOUGLAS ABBOTT (Minister of Finance): I have just a word in reply to what has been said by the hon. member for Winnipeg North Centre (Mr. Knowles).

This amendment, of course, is the amendment the hon. member moved when we were in committee. Since he has stated his reasons for supporting the amendment, however, I think I should state why the proposed section is contained in the bill.

As I informed the house when the budget resolutions were brought down, suspension of the tariffs on cotton and rayon goods was primarily for the purpose of giving some price relief to the Canadian consumer and assuring adequate supplies of needed textiles. Before taking that action I received assurances from the representatives of the British government, the board of trade, that, in the event of the duty being removed, advantage would not be taken of that by British exporters, to add the amount of the duty to the price. I can see no particular reason for giving the British exporter the benefit of the removal of such duties. I have no doubt that the assurances which I received will be lived up to, but I do not want to give away all my ammunition until I am sure that they have been. The removal of the duty is not to benefit anyone outside this country; it is to benefit people inside the country.

The second point I wish to make is this. Because of the provisional application of the Geneva agreements, we are obliged to extend this removal or suspension of duties to a very large number of other countries—most-favoured-nation countries—which include the majority of the trading countries of the world. I have not received any such assurance from those countries, and it is pretty difficult for me to say what conditions might develop there.

For these reasons it seems prudent to take power, as is done in the bill, to withdraw this suspension if conditions do not work out as we believe they will. As I said when the bill was in committee stage, I do not consider this is a great or vital issue on which the government need stand or fall. All hon. members are free to vote on it as they wish. Personally I shall vote against the amendment, as I did when it was proposed in committee, for the reasons which I have mentioned. I believe it is prudent good business to maintain this reserve.

Mr. E. D. FULTON (Kamloops): Mr. Speaker, before the question is put there is a statement the minister has just made which I think should be clarified. He said that owing to the provisional application of Geneva agreements the government was bound, or felt itself bound, to extend to all other countries the tariff treatment given to Great Britain under this bill.

Mr. ABBOTT: The most-favoured-nation countries.

Mr. FULTON: To the most-favoured-nation countries, and to the seventeen countries which have signed the provisional agreement. My understanding is that although we have provisionally applied the tariff changes agreed to at Geneva, we have not yet applied the agreement. We have not yet agreed to it, and therefore we are not bound, if we make further tariff changes now in favour of certain countries, to apply those changes to all other countries.

With respect I say to the minister that he is slightly confused. I do not think his argument applies to this tariff adjustment. It seems to me the only country with which we have to deal in this respect is Great Britain. If he has had the assurance from that country which he says he had, then surely we can take their word at its face value and believe that they will not take advantage of this adjustment by changing their prices to undersell us. I do not think the minister has advanced any good reason why the amendment should not be accepted.

Mr ABBOTT: We are not in committee, and I know I closed the debate when I spoke—

Some hon. MEMBERS: No.

Mr. KNOWLES: It was my amendment, not yours.

Mr. ABBOTT: That is right.

Mr. DIEFENBAKER: The rules were spoken about yesterday.

Mr. ABBOTT: May I be allowed to reply? —because the hon. member is completely wrong. He is completely wrong when he says this does not apply to the most-favoured-nation countries.

Mr. DIEFENBAKER: The minister spoke about rules yesterday.

Mr. ABBOTT: I will abide by the rules, if you will.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I have only a few words to say in support of the amendment moved by the hon. member for Winnipeg North Centre (Mr. Knowles). It seems to me there is a contradiction in the statement made by the Minister of Finance (Mr. Abbott). He said that he has had assurances from exporters in Great Britain that they would not take advantage of this tariff concession so as to raise prices. He went on to say that he had no doubt that that assurance would be lived up to. The minister then introduced a provision to meet a situation which he has no doubt will not arise. It seems to me that that is not very complimentary to the people who gave him the assurance.

Mr. ABBOTT: They might not be able to do anything about it.

Mr. MacINNIS: But there is another factor which enters into the matter. Our customs tariff provides protection for certain industries. It is not an unknown thing for these industries to take advantage of the tariff to raise their prices. Is there any provision in the customs tariff act whereby, should a protected industry use the tariff to enhance prices, the government by order in council may withdraw the protection? Surely if it is to operate in this narrow application, it should operate in the wider field, where there is so much opportunity for abusing the protection given.

Mr. ABBOTT: I think there is a section like that in the customs tariff.

Mr. MacINNIS: The minister has made a weak case for this departure from the normal procedure.

The house divided on the amendment (Mr. Knowles) which was negatived on the following division:

YEAS

Messrs:

Ashby
Black (Cumberland)
Blair
Bowerman
Bracken
Bryce
Burton
Casselman
Charlton
Church
Coldwell
Diefenbaker
Fleming
Fulton
Harkness
Hazen
Knowles
McCullough (Assiniboia)
Macdonnell (Muskoka-Ontario)
McGregor
MacInnis
MacNicol
Matthews (Kootenay East)
Maybank
Merritt
Moore
Mutch
Nicholson
Pearkes
Probe
Quelch
Sinnott
Smith (Calgary West)
Stewart (Winnipeg North)
Strum, Mrs.
Winkler
Wright
Zaplitny—38.

NAYS

Messrs:

Baker
Beaudoin
Beaudry
Belzile
Benidickson
Bertrand (Prescott)
Bertrand (Terrebonne)
Blackmore
Boivin
Bourget
Bradette
Brown
Chevrier
Claxton
Cloutier
Cockeram
Coté (Matapedia-Matane)
Coté (Verdun)
Denis
Dickey
Dion (Lake St. John-Roberval)
Dionne (Beauce)
Douglas
Drope
Emmerson
Fair
Ferguson
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Gauthier (Portneuf)
Gibson (Comox-Alberni)
Gibson (Hamilton West)
Gingues
Gladstone
Golding
Gour (Russell)
Gourd (Chapleau)
Gregg
Hallé
Hansell
Hartt
Hlynka
Hodgson
Homuth
Howe
Ilsley
Isnor
Jackman
Jean
Jutras
King, Mackenzie
Kirk
Lafontaine
Lalonde
Langlois
Lapointe
Laurendeau
Leger
Lennard
Lesage
Low
McCann
Macdonald (Brantford City)
McDonald (Parry Sound)
McGarry
McIlraith
MacKinnon
MacLean
McLure
MacNaught
Maloney
Marshall
Matthews (Brandon)
Mayhew
Mitchell
Mullins
Parent
Pinard
Raymond (Wright)
Richard (Gloucester)
Richard (Ottawa East)
Rinfret
Ross (Hamilton East)
Shaw
Skey
Stanfield
Stokes
Timmins
Tremblay
Tustin
Warren
Webb
Weir
White (Hastings-Peterborough)
Whitman
Winters
Wylie—97.

Mr. GILLIS: I was paired with the Minister of National Health and Welfare (Mr. Martin). Had I voted, I would have voted for the amendment.

Mr. ABBOTT: I was paired with the hon. member for Stanstead (Mr. Hackett). Had I voted, I would have voted against the amendment.

Mr. MARQUIS: I was paired with the hon. member for Charlevoix-Saguenay (Mr. Dorion). Had I voted, I would have voted against the amendment.

Mr. BROOKS: I was paired with the hon. member for Pictou (Mr. McCulloch). Had I voted, I would have voted for the amendment.

Mr. HERRIDGE: I was paired with the hon. member for Fraser Valley (Mr. Cruickshank). Had I voted, I would have voted for the amendment.

Mr. JOHNSTON: I was paired with the hon. member for Halton (Mr. Cleaver). Had I voted, I would have voted for the amendment.

Motion (Mr. Abbott) agreed to, and bill read the third time and passed.

INCOME TAX ACT

REVISION AND CONSOLIDATION

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to revise and consolidate the law respecting the levying of income tax and the administration thereof.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. ABBOTT: Mr. Chairman, this is the formal resolution to precede the introduction of what was known last year as Bill No. 454, to revise and consolidate the income tax law. I would hope that the resolution might be adopted with, shall I say, a minimum of discussion in order that the bill may be introduced and distributed to members.

It is a technical and complicated and very lengthy bill. A great many changes have been made since the original bill was introduced last year, following representations received from groups throughout the country, boards of trade, the bar association, the chartered accountants association, and so on, and also as a result of further study by our own staffs. It would be my intention, as I indicated a short time ago, to refer the bill to the banking and commerce committee for detailed study after it receives second reading. I think the bill could be more effectively dealt with there, where taxation experts and the draftsmen could appear and explain the various provisions. A tremendous amount of work has been done on the bill since it was introduced almost a year ago, and I believe it represents a forward step in the revision and consolidation of our income tax law.

Mr. BRACKEN: Is there any change in tax rates or exemptions, or are the changes with respect to administration only?

Mr. ABBOTT: There are no such changes as my hon. friend mentions. Appropriate amendments were made to the Income War Tax Act, which was passed yesterday, with respect to any changes of policy included in the bill. There is nothing in the bill which changes tax rates or exemptions or anything of the sort. It is simply a revision and consolidation, with certain policy changes with respect to administrative detail rather than income tax rates.

As I indicated in my budget speech, the bill will not be given retroactive effect but will become effective from the first of January next, that is for the next calendar year. As the committee will appreciate, that will afford opportunity for further changes at the next session of parliament should others be found necessary between now and then.

Mr. HOMUTH: This bill is lengthy and will require a great deal of consideration. If the minister hopes to get it through the house this session, I suggest that the banking and commerce committee sit as often as possible.

Mr. ABBOTT: I am in the hands of this committee, but if it could be arranged, I would like to have the banking and commerce committee take up the bill early next week and work on it steadily. Many sections will not be controversial, and will simply interest lawyers. The heart of the bill is contained in fifteen or twenty sections, which will require particular attention. They deal with such things as the rules for depreciation and valuation of inventories. They are very important from the point of view of the amount of tax collected, and will require careful consideration by the committee.

The provisions of the bill have already received much study by such representative bodies as boards of trade, the chartered accountants association, the bar association, and others with specialized knowledge. I think the committee will find that the officials who have worked long and hard on the bill will be in a position to explain it thoroughly before the committee. I would hope that we could get it through this year, and I think we should make every effort to do so.

Mr. MACDONNELL (Muskoka-Ontario): I have one comment to make. Ever since parliament assembled in the autumn of 1945 we have had this bill dangled before our eyes, and the Minister of Finance the first time said he hoped to introduce it the next year. We all know what the task has been. There is no use crying over spilt milk, but it is most unfortunate that it comes down almost within a fortnight of the time we are told the house will adjourn. I appreciate the work that has been done, the fact that various competent people have been consulted with regard to the bill, and that there will be a great deal of expert evidence available. Nevertheless the responsibility will rest with this house, and I feel that to ask the house, in the short time available, to do the job that should be done, is to propose what is almost impossible. It is in the highest degree unfortunate that it was not brought before us many weeks ago.

Mr. SMITH (Calgary West): I want to ask the minister one question, the purpose of which is to help me in something that I should do by telegram. Are there any changes with respect to depletion in coal mines? I ask that ques-

tion because certain people in the coal mining industry in Alberta are anxious to appear before the committee. This is Tuesday, and I should like to let them know whether they should come or just stay at home.

Mr. ABBOTT: The language of the bill with respect to coal mines is, I believe, as it was. Representations have been made by the coal mining industry of Alberta particularly with reference to the ten cents per ton depletion allowance which they have been allowed for a period of years. There is no intention of changing that, and the bill has not that effect. Whether the people to whom my hon. friend refers should come or not I cannot say, but I do not think it will be the intention of the banking and commerce committee to hear evidence on the bill. I am afraid that if that were so we would have no hope of getting it through this year. There has been full opportunity for making representations, and I do not think that would be necessary. There is no intention of making any change, nor will there be any change in the method of allowing depletion as it has prevailed, going back as far as 1917, so far as coal mines are concerned.

Mr. SMITH (Calgary West): Then there is no occasion for them to come?

Mr. ABBOTT: I do not think really that there is any.

Mr. SMITH (Calgary West): In the bill as presented last year there was a change, because it was limited to certain initial costs which really did not mean anything.

Mr. ABBOTT: My hon. friend will see when he looks at the bill that the language of that section has been changed.

Mr. SMITH (Calgary West): Then I can telegraph them not to come.

Mr. ABBOTT: You had better wait until you see the bill, but I think you will find the language of the bill satisfactory.

Mr. SMITH (Calgary West): Thanks for the information.

Mr. FULTON: In view of what the minister has said, that it is not expected that further evidence will be heard before the banking and commerce committee, may I ask whether he can make any comment on the extent to which representations by the Co-operative Union of Canada have been accepted in the bill in its present form?

Mr. ABBOTT: There is no change in the bill in its present form so far as matters of policy are concerned. As I said in answer to the leader of the opposition, the job of this bill is not primarily to change existing tax policy. It is to consolidate, simplify and improve the arrangement of the bill rather than to make a wholesale revision of the taxing provisions. Any change that is to be made with respect to taxation of co-operatives or any other enterprise in this country should be made here in the house as a matter of budget presentation and not in a revision of a bill of this kind. I would not undertake to do that.

Mr. GILLIS: The minister says he is in a great hurry to get this bill before the banking and commerce committee, and he would like to have it put through the house at this session if possible. On the other hand he tells us that the committee will have no power to make any changes whatever in the bill. The bill is merely going to the committee so as to give experts an opportunity of explaining it to the lawyers and those who may be administering it.

Mr. ABBOTT: I did not say they would not have power to make changes in the bill.

Mr. GILLIS: I understood the minister to say that a few moments ago.

Mr. ABBOTT: No committee of this house can change taxation provisions, but it may change administrative provisions.

Mr. GILLIS: And that does not change anything. The taxes remain the same. The co-operatives are still taxed, and the depletion allowance for coal mines is not changed. Nothing is changed, but the mechanics are simplified for those who will administer the bill. It must be a pretty complicated bill. My object in rising is simply to make this point. If we are not going to change anything in the banking and commerce committee, so far as policy is concerned, why waste time sending it to the committee? Why should we not go to work on it right here where we may make changes, and after we have studied the basic laws contained in the bill, then, if it is desired to send it to another committee to have the mechanics clarified, that can be done. Would that not be the quicker way of doing it?

Mr. ABBOTT: I had thought of that. There are two alternatives—to have it considered in committee of the whole or to refer it to the banking and commerce committee. The banking and commerce committee can make any amendments that we can make in committee of the whole. There is no difference so far as amendments are concerned. The banking and commerce committee would be free to recommend amendments just as the com-

mittee here can; but my main purpose in sending it to the banking and commerce committee was to enable interested members to get explanations of the various sections direct from the tax officials of my department and officers of the ministry of justice, rather than having the information relayed through me in the house. It seemed to me to be the more efficient way of dealing with this rather technical bill—because it is technical. Any income tax statute, I do not care in what country, where there is a system of progressive income tax, is bound to be complicated, and the reason it is complicated is that you try to allow for deductions and exemptions and all that sort of thing so that the tax will be in relation to ability to pay. You could make a very simple income tax law if you did not have exemptions and deductions for medical expenses, depletion, depreciation and all these other things, which are intended to make the law more equitable. That is why it is complicated. I speak whereof I know because I have had occasion in the practice of my profession to look these acts over, and I really think that the work of considering this consolidation and revision, which was intended to be primarily a simplifying job, to make it more easily understood and applied by the general public, could be better undertaken in the banking and commerce committee than in the house. I have no objection, but I really think that it would be better if we sent it to the banking and commerce committee.

Mr. GILLIS: I am not going to argue the point with the minister. He has not convinced me that it would not be more expeditious to deal with it in committee here, the only place where we can change the basic set-up. However, I wish to ask him a question in connection with the depletion allowance for coal mines. I have had something to do with that. Large corporations across the country get hold of leases—the Hudson's Bay company in the west, Dosco in the east, Canadian Collieries in British Columbia—and they have large coal deposits which they do not operate. They sublease the coal to a small operator who then invests the capital and carries on the operation, but the large concern, which has nothing to do with the development, is allowed that ten-cent depletion on each ton of coal. I have made representations to the finance department during the war and at other times on that very point. We are trying to have that situation changed so that the actual operator should get this allowance, not the lessor or the man who leases or subleases that section of his mining set-up to a smaller operator. It is completely unfair and unjust that the lessor should get the depletion allowance; it should go to the one who is actually carrying on the operation. Has the minister given any thought to the matter? He was not in that department at the time. The present Minister of Justice was then Minister of Finance. But we did not get anywhere with the suggestion. It should be given some thought.

Mr. ABBOTT: I am not too familiar with the manner in which depletion is handled. I know that for a great many years a certain allowance has been paid out for depletion of coal mines. It now falls primarily within the jurisdiction of the Department of National Revenue, although policy matters of course would be settled in the Department of Finance. No doubt I shall be more familiar with it before the bill gets through the committee.

Mr. JACKMAN: I think we are all glad to see some codification of the Income Tax Act of 1917 and subsequent amendments. Would any serious inconvenience or embarrassment be caused to the country or the taxpayers generally if we left this bill over until the next session of parliament? We are about to have three sittings a day, starting this Wednesday. The estimates are going through, and some of us would like to pay a little attention to them on behalf of our constituents. Other committees are still sitting, including the prices committee, the personnel of which includes members who would be interested in this bill, and they cannot be in two places at the same time. I believe we could go into the bill much more thoroughly and get a much better idea of its complicated technical provisions if the minister would put it over until the next session, unless there are strong and pertinent reasons why we should deal with it now.

We have had the bill in its original form before us for some time—sufficient time, I might say. But briefs have been received by the government from a great many associations, and some of their ideas have been incorporated in the bill which shortly we are to see for the first time. If that revised bill had been brought down a month or so ago, we might have been able to do some ground work on the revisions. But the government has not seen fit to do that. I think we should enter more than a mild protest against the government's listening to representations of those who are not representatives of the people at all, accepting their suggestions where they proved to be acceptable, incorporating them in the measure and then flashing the bill on the house in the last two weeks of the session. I think that is unfair. The bill should be given a hoist until the next session.

Mr. ABBOTT: I am not pressing it. I think it is desirable that we get this bill on the statute book. The hon. member for Muskoka-Ontario has chided me for delay. The hon. member for Rosedale has just said that we ought to have brought this bill down a month earlier. I want to remind the committee that there are only twenty-four hours in a day; that applies to me and perhaps even more so to the members of my staff. Work has been going on in connection with this bill day after day and month after month. I myself have had meeting after meeting, interlarded between budget meetings, to go over the provisions of the bill. I can assure my hon. friend, who has never practised law but who, I know, is trained in law, that it is a long and tedious business. It was not possible to bring this bill in earlier. I am not suggesting at all that we should force the bill through at this session, but I think it is possible to put it through. Just about as many calls are made on my time as on the time of most members of the house, but I intend to try to devote a good deal of time to attendance at meetings of the banking and commerce committee when the bill is under consideration.

If it proves unwise or undesirable to try to pass the bill this session, of course, as I say, we will not force it through. But I think we ought to make a start. If we do not make a start on these things, we never finish them. The bill has already been put over for a year. I brought it in last session so that its main provisions could be studied during the year. Study has been given to the bill, and I think it is in fairly good shape now. I should like to see it considered in detail by the banking and commerce committee. I should like to see it made effective as of January 1, 1949. People will know what the law is to be from that time on. If it is not possible to do that, well and good. But I think we ought to buckle down and try to get it through.

Mr. MACDONNELL (Muskoka-Ontario): I agree with the minister in one thing, namely, that this bill should go to the banking and commerce committee. That seems to me to be the most sensible idea. I agree wholly with most of what the hon. member for Rosedale said, with this exception. I cannot quite follow him when he suggests that the bill be held over. However, I most fully agree with him on what is happening now. I realize how busy the minister has been. I know he has not been idling. Nevertheless the fact is that we are almost in the dying days of the session, and this bill, which has been foreshadowed for three years, and which last year was brought forward with the idea that this year we would have plenty of time to consider it, is brought down at this moment. What does that mean? I do not want to press the point, but if this bill goes through, it really means that we have just rubber-stamped it.

Mr. ABBOTT: Of course not. I will answer that now.

Mr. MACDONNELL (Muskoka-Ontario): That is not as it should be. What really happens is that the minister's officials—and I have great respect for them—are going to give us a synopsis of what other people have said, and we shall have to take it. I know they are competent; nevertheless we shall have to take all this at second hand. The minister says the committee cannot take evidence. I suppose if consideration of the bill is to be completed within the next three weeks, it is almost physically impossible that much evidence should be heard. As has already been pointed out, with all the multitudinous duties that press in on us in these last few weeks, it is almost physically impossible to give it the necessary time. It is like crying over spilt milk, but it is just another case of the house being an automatic rubber stamp for the will of the government; and that is not wise.

Mr. ABBOTT: I suggest, Mr. Chairman, that there is no rubber-stamping about this at all. There is nothing really new in this bill. It has been primarily a drafting job by experts. I do not want to offend any hon. member of the committee, but let me say that only a relatively small number of members here, by training or experience, are competent to give this bill analysis. That is the truth. The ones who are competent to give it that critical analysis might go over the hundred odd sections, of which perhaps fifteen or twenty are really vital, and do it in a relatively short time. But the hard job in connection with this bill has been to weigh the various arguments.

Mr. MACDONNELL (Muskoka-Ontario): That is what we should do.

Mr. ABBOTT: We should, yes. But a great deal of it is so specialized that, with deference to every member of the committee, the consideration which they can give, let us say, to the specialized clauses relating to depreciation and depletion may be questionable. Some can be helpful, of course; others are not at all interested. There is no particularly new principle in the bill. It is primarily a rearrangement, a redrafting and a simplification. It seems to me that the most valuable assistance we can get on that phase of it in the banking

and commerce committee will be from the trained lawyers, because it is their business to try to draft laws and interpret them. This is a statute. We have tried to simplify it. We have tried to eliminate the discretions and so forth. But we are not enacting a new income tax law. Broadly speaking there are no great new principles being established. That is something that must be done in the House of Commons as a result of budget proposals. This is like consolidating the statutes. If we cannot do the job in committee, all right; but I think we can.

Mr. MacINNIS: I am one of the members to whom the Minister of Finance referred as not qualified to give expert and understandable study to this bill.

Mr. GIBSON (Comox-Alberni): Me, too.

Mr. MacINNIS: However, the more I heard him explain that, the more disturbed I was about the desirability of the bill going through at this time. He rather suggested that the most valuable contribution to the discussion of this bill must come from lawyers. But lawyers are usually hired to protect the people who are to be taxed; and evidently the minister feels—that having been his profession before he became full-time Minister of Finance—we should be satisfied now if the lawyers who are protecting the big income tax payers approve the bill.

Mr. ABBOTT: Oh, no; I did not say that. Don't make a political speech.

Mr. MacINNIS: That is the inference which I must draw from what the minister said.

Mr. ABBOTT: I tried to make the revision of this bill an extremely non-party matter. It is not a question of protecting anybody.

Mr. MacINNIS: It is definitely a non-party question as far as I am concerned.

Mr. ABBOTT: It is as far as I am concerned; and I spent long hours trying to draw up a decent bill.

Mr. MacINNIS: I am not objecting to that. I am talking about the minister's explanation of the bill. If he had not made that explanation, probably I should not be saying anything at all. I may not be able to appraise the technicalities of the bill, but I am able to appraise fairly quickly what a man says, and to understand what he is talking about.

There is another point. It is said that we could put this bill through the house in a very short time. When the hon. member for Rosedale spoke a minute ago I learned for the first time that we were to begin morning sittings tomorrow. Well, we can put anything through if we have not time to examine it. We could take any number of bills and put them through the house in the same way that you put wheat through a thresher. But that is not the purpose of bringing legislation before the house. You do not bring legislation before the house in order only that it may go through the formal procedure which makes it law. The purpose of bringing a bill before the house is to have it examined here, to satisfy the various interests concerned that it is proper legislation.

I am not so sure that this is the proper time to bring a bill of this kind before us. It cannot, at one and the same time, be an intricate bill and a simple bill. From the minister's explanation it is so intricate that we have not the ability to understand it; and because it is so intricate that we cannot understand it, it is so simple that we should let it go through the house with no examination at all.

Mr. ABBOTT: I am sorry if I conveyed the impression that it was so intricate we could not understand or appreciate it. I did not intend to suggest that. Anyone who has read the bill will realize that it is a long, technical measure. Actually the bill has been available to every hon. member of the house for almost a year. While it is true that substantial amendments have been made, the broad arrangement and the great majority of the sections are completely unchanged. Anyone who is interested in the bill, whether he is a lawyer or a businessman, a school teacher, or anyone else, has had something like a year to give it detailed and careful study. As I said last year when I introduced the bill, I did so for the purpose of enabling members of parliament and others who were interested to give it study. That is what we have done.

Let me make this second point. I am not attempting to force this or any other bill through the house; but I say we will never get it through the house until we start to consider it. If we embark upon this long discussion at the resolution stage, before having seen the amended version of the bill I introduced a year ago, it seems to me we might as well give up any attempt to get one of these revisions or consolidations of the income tax law through the house. That is all I am asking—that I be allowed to introduce this bill. Members of the house can look at it, read it over, study every section, and be prepared to discuss it either in the banking and commerce committee, if they are members of

that committee, or here in committee of the whole. The committee may rest assured that I am not trying to jam this bill through. It is not needed this year, but I believe it is a forward step in improving our legislation. That is all.

Mr. SHAW: In my opinion, Mr. Chairman, this is one measure that should not be forced through the house quickly because time is limited. Apart from the actual tax rates themselves, probably there is nothing which affects the people of Canada more directly than the administration of the Income Tax Act.

The minister indicated that we have had this measure before us for about a year, and implied that we have had ample opportunity to consider it. Later he asserted that, based upon representations made to the government, a great many changes have been made, which of course in effect would nullify his previous assertion that we have had ample opportunity to consider the bill. Moreover, it is one thing to take a bill and study it, and another thing to take a bill when we have an opportunity of asking exactly what certain clauses, phrases and sections mean.

The minister has said that the bill is to go to the banking and commerce committee. I am happy to learn this. If my memory serves me correctly, the minister indicated some months ago, or perhaps it was some weeks ago, that it was not his intention to have this bill referred to a committee of the house. I was disappointed when that announcement was made; therefore I welcome his suggestion that it should go to a committee.

The minister also indicated that it was not desirable to accept representations from organizations and bodies throughout the country which might wish to appear before that committee. That, of course, depends upon the opportunity which those organizations have been given to make their representations; and I understood the minister to say that they have been given ample opportunity to make their submissions.

One thing I think is particularly significant with respect to any income tax law—that is, the actual administration. No doubt the law officers of the crown and other experts will appear before the banking and commerce committee; but will that committee have an opportunity to examine those actually charged with the responsibility of administration? I think a great deal of dissatisfaction has arisen among Canadians during the last number of years because of the indefiniteness of the act, and because of the fact that so many discretions have been exercised under it that actually we have had almost identical cases dealt with in different ways in different parts of the country. The minister has said that one purpose of the proposed legislation is to remove many of these discretions. Personally I think it high time this was done, because, as I said a moment ago, we have had a great variety of interpretations and much variation in dealing with almost similar cases in different parts of Canada. In fact it comes to my mind at the moment that in two almost identical cases affecting farmers, one in the Calgary district office and the other in the Edmonton district office, completely opposite interpretations were placed upon the act, and entirely different decisions given.

I appreciate the fact that there may be a great deal of difficulty in drafting an act which would remove all or nearly all those objections, but I do feel that it is desirable to have an act more definite than the legislation under which the people of this country have been labouring for so long. I am more particularly concerned about uniformity of interpretation and application throughout the length and breadth of this country. In conclusion, Mr. Chairman, my question is this. Will this committee—of which, incidentally, I am not a member—have an opportunity to call before it those actually engaged in the work of administering the act?

Mr. ABBOTT: Unquestionably I would hope that the deputy minister of taxation would be among those who would appear before the committee and explain in detail the administrative sections proposed, as well as the method of administering the act. That is one reason for having the bill considered by the committee on banking and commerce rather than the committee of the whole house.

Mr. FULTON: Perhaps the minister would answer another question along somewhat similar lines. It has to do with calling other interested bodies before the committee to give evidence. The strongest argument in favour of that suggestion is the one advanced by the minister himself as to the desirability of getting the bill through as quickly as possible. He used that argument against calling other bodies before the committee. The minister himself states—and his point has a great deal of merit—that this is the type of bill that the average person has difficulty in understanding or discussing with intelligence. The chief advantage of referring it to the committee on banking and commerce would be to have a full explanation from the experts who will be in charge of administration of the measure. That is important. But the very fact that the members who will constitute the banking and commerce committee are not experts seems

to indicate that they should have the benefit of hearing such opposing views as may exist, views in opposition to this, that or the other provision of the bill. If we are to hear from the officials of the department, surely we would wish to hear the views of any who are opposed to the bill. It would not be proper for departmental officials to appear before the committee and say that they believe this is a bad bill.

I know there are some organizations which would wish to have certain provisions modified. And because members of the committee on banking and commerce are to hear the arguments put forward by experts from the department, if the bill is to be considered fairly, we should be allowed to ask other interested organizations throughout the country to appear before the committee and, through their experts, submit their views as to changes or new provisions they might wish to incorporate in the act. This might involve some further time, but the very importance of the bill indicates that we should take the time to hear the evidence of those who may be opposed or who may wish to suggest amendments. I would ask the minister to give us the assurance that that opportunity will be accorded to the committee on banking and commerce.

Mr. ABBOTT: Of course that would be a matter for the committee on banking and commerce to consider. The committee will be master of its own procedure.

Mr. FULTON: But a recommendation from the minister would carry weight.

Mr. ABBOTT: I should think it would be impracticable to hear very much evidence at this time. It will be remembered that within the last year many briefs have been filed by a large number of groups. The subject has been well canvassed. If the committee feels that further evidenced should be heard from outside sources, that will be done. But I cannot tell my hon. friend now whether the committee would be prepared to do that, or whether I as a member of the committee—and I do not know whether I am or not; I think I am—would be prepared to make that recommendation. In any event the committee will have to make the decision.

The resolution asks for leave to introduce a bill. All I am asking at this stage is that the committee allow me to present the bill so that they may see what they have to study. I hope that hon. members have already given the bill a great deal of study. Apparently some have not, but I am hoping they will get to work now and study the bill. Then they can decide whether further evidence should be called.

Mr. BLACK (Cumberland): I support the minister and join with him in his appeal that the bill be advanced as quickly as possible. I understand it is complicated, and, if we are to carry our full responsibilities, hon. members should study it from every point of view and secure evidence which may be available.

For years this taxation legislation has been complicated. We have been told that an effort has been made by the officials to simplify it, but I have not yet seen evidence of very much simplification. I believe the bill should be advanced another stage, and that it should be passed. Even if it is not perfect, we can attempt to perfect it in another year. Any change, particularly after the measure has been studied by the officials and by qualified bodies responsible for its administration, will be an improvement over what we now have. Therefore I join with the minister in appealing to the committee of the whole to have the measure advanced so that it may be dealt with and passed at this session. Even though it may not be perfect, we should deal with it.

Mr. HAZEN: I support the hon. member for Cumberland in what he has just said. I trust that in the preparation of the bill great care has been taken to prevent any taxpayer from avoiding payment of all the taxes he should pay. The ingenuity of some accountants is amazing. It is extraordinary to find, if one employs the proper accountant, how very well one can get along when it comes to the payment of income tax. It is nothing short of wonderful how some people can avoid the payment of income tax and still remain within the law. I would mention as an illustration the case of two young men who, we will say, go into the garage business. After they have been in business for a little while they obtain an exclusive agency for some make of motorcar. They sell a great many cars, with the result that they make a good profit and a good net income. In consequence they have to pay a high tax to the government. That is not quite satisfactory to them, and an expert accountant comes along and says, "You should incorporate, and become a joint stock company." They proceed to form a joint stock company and become incorporated. Then they proceed to sell their exclusive franchise to that joint stock company. In payment they accept a certain number of debentures. When they make their profit the next year, instead of declaring the net profit they have made they pay off so many of the debentures they hold, with the result that they get out of paying the tax they should pay.

That is only one example. Some of these experts seem to find it easy to get around the law. It is not fair, and it does not do justice

to the government or to those who are anxious to pay their full amount of taxation. It seems to me it would be of great assistance to us in going over this bill if we could have before us some of those expert accountants who are so ingenious in getting around the law; but I doubt very much whether that would be possible.

I believe we should go ahead with the bill, do the best we can with it, and if we find it imperfect, it can be amended in future sessions.

Resolution reported, read the second time and concurred in. Mr. Abbott thereupon moved for leave to introduce Bill No. 338, respecting income taxes.

Motion agreed to and bill read the first time.

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

Mr. ABBOTT: I do not know whether the house would agree to give it second reading and have it referred to the committee, or whether it should stand over.

Mr. JACKMAN: Banking and commerce committee.

Mr. ABBOTT: I would move the second reading now by unanimous consent.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

NATIONAL BATTLEFIELDS

QUEBEC—PAYMENT TO COMMISSION OF $1,000,000 OVER PERIOD OF TEN YEARS

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend an act respecting the national battlefields at Quebec, to authorize payment out of the consolidated revenue fund of the sum of $1,000,000 over a period of ten years from the first of April, 1948, to the commission for the purposes and subject to the provisions of the act and to authorize the commission to acquire and hold a certain parcel and tract of land therein described.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. BELZILE: Mr. Chairman, the resolution before the committee has two distinct objects or purposes. The first one, as mentioned in the resolution, is to authorize the payment out of the consolidated revenue fund of the sum of $1,000,000 over a period of ten years from April 1, 1948, to the national battlefields commission at Quebec. The second object is to authorize the commission to acquire and hold certain a parcel and tract of land therein described.

In 1908, by an act of this parliament, the national battlefields commission was constituted for the purpose of preserving the historical battlefields at Quebec and to help in the celebration of the founding of Quebec. The commission was empowered to receive and expend moneys whether appropriated by parliament or contributed by other bodies or individuals. Under the act of 1908 the parliament contributed $300,000, while public subscriptions amounted to $468,821. Section 8 of the act of 1908 reads:

The Minister of Finance is authorized to pay to the commission, out of the consolidated revenue fund of Canada, for the purposes authorized by this act, the sum of three hundred thousand dollars.

Section 16 referred to the tercentenary of the founding of Quebec and authorized the commission to arrange for and carry out a worthy and fitting celebration and to spend, subject to the approval of the governor in council, such portion of the fund of $300,000 as might be necessary. The total expenses of the celebration amounted to $324,511.41; and, after receipts from the sale of tickets to the public and so on were considered, there was left a balance of $14,527.51. The memory of Champlain and Quebec City was fittingly celebrated. There is the monument of Champlain on Dufferin terrace; there are streets named after him and even a market place.

It was thought fitting that the national battlefields of the Plains of Abraham and Ste. Foy should be preserved and reclaimed from the public neglect which has existed for such a long time. Everybody knows that the battles of the Plains of Abraham and Ste. Foy were the turning point in the history of Canada. At the battle of the Plains of Abraham two mighty warriors, Wolfe and Montcalm, gave their lives. At Ste. Foy the last stand of the French army was made under the guidance of Chevalier de Levis.

It was thought fitting that these battlefields, upon which was decided the fate of a continent, should be preserved. As I said a while ago, the amount subscribed by the public was some $468,000, and this, together with the surplus of $14,000 which was left after the expenses of the celebration had been paid, was sufficient to meet expenditures up to 1912. During that time money was spent to acquire property and land, and a total of some 155 acres was acquired. Later on, new expropriations were made or more land was bought, and now there is a continuous

piece of property of some 232 acres held in the name of the commission.

Mr. MacNICOL: Does that include both battlefields?

Mr. BELZILE: They are both joined together in a piece of land in the shape of the letter "L".

Mr. MacNICOL: That is west of Quebec?

Mr. BELZILE: That is northwest of the St. Lawrence river.

Mr. MacNICOL: Does it include anything east of Quebec out as far as Montmorency falls?

Mr. BELZILE: Nothing along the Montmorency river; it does not go that far. In 1912 some construction work was started. Up to and including 1927 the amounts required by the commission were voted annually by parliament. In 1928 section 8 of the act of 1908 was repealed, and in substitution therefor the Minister of Finance was authorized to pay to the commission $75,000, a year, for a period not exceeding ten years. In 1938 these annual payments were extended for a further period of ten years, which expired on March 31, 1948.

Section 10 of the act of 1908 provides:

No land or immovable property shall be purchased or acquired by the commission except with the previous authority of parliament.

It is deemed expedient, because of the building of a road by the municipality of Sillery alongside the park, to acquire a piece of property of approximately 135,000 square feet. The old Champlain road bounded the park along the north shore of the St. Lawrence. The road has a bad curve which it has been decided to straighten out. The commission will acquire the piece of land between the old road and the new Champlain road. No expense is involved in this transaction, except the payment of legal fees in connection with deeds and other documents. I have more detailed information which I can give in committee on the bill.

Mr. BLACK (Cumberland): Can the parliamentary assistant inform the committee what appropriations are made for the battlefields in the maritime provinces, at Beausejour, Louisbourg and Ste. Anns.

Mr. BELZILE: The historic sites come under the jurisdiction of an entirely different body. The national battlefields commission was set up especially to take care of the national battlefields at Quebec City, and its functions do not extend to any other part of Canada.

Mr. MacNICOL: Mr. Chairman, I do not see any objection to supporting the resolution. I think it is most important that such an historic place as the Plains of Abraham and the site of the battle of Ste. Foy be properly preserved. I never go to Quebec City without going out Grande Allée to look over the battleground. It was a remarkable achievement for Wolfe's army to ascend the heights from the St. Lawrence river to the Plains of Abraham during the night and be ready to engage next morning in a conflict which had such momentous results. I think the battlefields commission is doing an excellent job in looking after these sites. It is well laid out; the roads are well taken care of, and every effort is made to beautify the surroundings, which, of course, is what the nation should do.

When the hon. member was speaking to the resolution I asked if any area east of Quebec City was included in the plans, and I understood him to say no. I think the whole of that land where the Montmorency river flows into the St. Lawrence, at which point severe fighting took place between Montcalm and Wolfe and where Wolfe made his first strong attempt to take the city, should be preserved for posterity. I went there, but I do not remember whether the land had been laid out and beautified. Part of the island of Orleans also figured prominently in the fighting, and I should like to know if there is some program for preserving the works established on the island of Orleans, where many of Wolfe's troops were stationed. The same would apply to Point Levis, from where Wolfe made his last ascent up the river. I think it is to the credit of any country that it should preserve and take care of its historic sites, and undoubtedly the Plains of Abraham and the site of the battle of Ste. Foy constitute one of the most historic sites in Canada.

Mr. MACDONNELL (Muskoka-Ontario): I take it that this bill is for the purpose of continuing the procedure which was commenced by statute in 1908 and which the parliamentary assistant has described. I agree with the hon. member for Davenport that we do well to commemorate the occasions and preserve the sites of the national battlefields, and particularly this one in which both great races can take pride, and which the parliamentary assistant has described so well. I take it that questions of relative expenditure can be gone into when we have the bill before us?

Mr. BELZILE: Yes.

Resolution reported, read the second time and concurred in. Mr. Belzile thereupon moved for leave to introduce Bill No. 339, respecting the national battlefields at Quebec.

Motion agreed to and bill read the first time.

NORTHWEST TERRITORIES

ELECTRIC POWER PLANTS—PROVISION FOR ESTABLISHMENT OF POWER COMMISSION

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to facilitate the construction and operation of electric power plants in the Northwest Territories and the supplying of power thereby generated to mining and other interests. The bill provides for the establishment of a power commission as the authority to carry out the construction and operation of the projects referred to in the bill. Provision is made for advances of moneys from the consolidated revenue fund to the commission to enable it, if and when required, to carry out its undertakings with provision also for the remuneration to be paid the commissioners.

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

Mr. KNOWLES: Will the minister explain?

Mr. MacNICOL: Will the minister give some outline of what is proposed, after which I wish to say a word or two.

Mr. MacKINNON: The resolution is self-explanatory. As the members of the house will recall, items were included in the estimates for 1946-47 and 1947-48 for the Snare river power development in the Yellowknife district in the Northwest Territories.

It is expected that the first unit will be completed by the fall of this year, and it is therefore, necessary to provide for an organization to take over the management of the project. The bill to be introduced will authorize the establishment of a power commission for this purpose, to be called the "Northwest Territories Power Commission."

Powers are to be given to the commission to operate the project and to sell electrical power, and as well to construct and operate other electrical power developments in the territories as and when needed. A full explanation accompanies the bill, and therefore I do not think it is necessary for me to say more at this stage.

Mr. MacNICOL: When the vote was passing through the house last year for the commencement of the Snare river project I supported it because I knew that the whole area around the Yellowknife required power.

[Mr. Macdonnell (Muskoka-Ontario).]

The minister has not told us the capacity of the first unit or how many units will be established on the Snare river.

Mr. MacKINNON: I will give that information on second reading.

Mr. MacNICOL: There is some information that I wish to get.

Mr. MacKINNON: I would rather do it at that time.

Mr. CHURCH: The resolution provides for a national policy for electric power only so far as the Northwest Territories are concerned. It does not include the existing provinces of Saskatchewan and Alberta, but only the territories that have no provincial status.

Mr. MacKINNON: That is correct.

Mr. CHURCH: They are under the control of the federal authorities. The policy involved is one of bonus, subvention and subsidy to certain districts, while other districts are not taken care of. Perhaps this is due to the technical consideration that these districts constitute a territory and not a province. I submit that the government should lay down a general national policy for the development of electric power throughout Canada. This is one of the richest countries in the world, with an abundance of natural resources for cheap light and power, and as I have contended for many years past, it should be the policy of this government to undertake something along the lines of this resolution on a national scale. If there are any districts that are not able to pay for the service rendered, the federal authority should step in and give some assistance. If these districts are hard up, if they have no funds, the government might broaden out its present policy into a national one, so that those who are financially unable to get supplies of power may have the joy and the blessing, not only on farms and mines but in all the villages, of this wonderful gift of cheap light and power with which Canada is so richly endowed.

Mr. McCULLOUGH (Assiniboia): I support the views expressed by the hon. member for Broadview. I think it is high time we did have a national set-up for the development of power, and when the bill is brought in I shall have more to say on this subject. Will this proposed project be self-liquidating? In other words, will it be necessary for the government to take money out of the consolidated revenue fund to defray the cost of construction if it is found that the project will not pay for itself?

Mr. MacKINNON: The project is based upon the principle of self-liquidation.

Resolution reported, read the second time and concurred in. Mr. MacKinnon thereupon moved for leave to introduce Bill No. 340, respecting the supplying of electrical power in the Northwest Territories.

Motion agreed to and bill read the first time.

YUKON ACT

AMENDMENTS RELATING TO THE GOVERNMENT OF YUKON TERRITORY

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to amend the Yukon Act to re-establish the positions of commissioner and of administrator of the Yukon territory, to increase the indemnity of members of the Yukon council and provide for their travelling and living expenses, and for other purposes relating to the government of the Yukon territory.

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

Mr. MacKINNON: The purpose of the bill to be is to make a number of amendments to the Yukon Act. One is to re-establish the positions of commissioner and administrator. The duties originally attached to these positions had been assigned some years ago to other officers in the territory. Another amendment is to grant authority to the Yukon council to increase their indemnities from the present rate of $400 to a maximum of $1,000. A number of other and minor amendments are being made, which I need not mention at this time. On second reading I shall be prepared to give full details.

Mr. CHURCH: How many men will be on the commission?

Mr. MacKINNON: Not exceeding three.

Mr. BLACK (Yukon): The proposed resolution is quite necessary and, as explained by the minister, it will, I am sure, have the support of the house. I should like to know from him, when the bill is before us, why the names "commissioner" and "administrator" were ever dropped. They were included in the original Yukon Act; but someone in the department, for some reason, if there was a reason, known only to himself, dropped the word "commissioner" and substituted the silly word "comptroller". That word having been used for many years, they then changed it to "controller" and now they are going back to "commissioner". Can the minister give us the history of that?

Mr. MacKINNON: I am not familiar with the reasons, but evidently it has been considered advisable to go back to the former system of naming the officers.

In answer to the hon. member for Davenport, I may tell him that the bill proposes, although I would rather not go into details, the appointment of a commission of one and not exceeding three.

Resolution reported, read the second time and concurred in. Mr. MacKinnon thereupon moved for leave to introduce Bill No. 341, to amend the Yukon Act.

Motion agreed to and bill read the first time.

SUPPLY

VETERANS AFFAIRS ADMINISTRATION—PENSIONS FOR WARTIME DISABILITIES

Hon. ALPHONSE FOURNIER (Minister of Public Works) moved that the house go into committee of supply.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, I rise to voice a grievance and to request redress. The subject of my grievance is certain forgotten victims among Canadian veterans of world wars I and II. As cases in point, I propose to refer to veteran Sholto B. McClellan, No. 77732, now living at 361 Osborne road, North Vancouver, British Columbia, of world war I, and veteran Frank W. Connorton, V52017 (R.C.N.V.R.), now living in Vancouver, British Columbia.

Evidence strongly indicates that each of these veterans is the victim of a serious miscarriage of justice in the matter of pension for wartime disability. My limited experience fills me with anxiety that each of these two men is a representative of a class of victim veterans, the numbers of which are more than disturbing for all Canadians. May I give some particulars about McClellan? In a letter dated May 31, 1948, he writes as follows:

What we are complaining about is that our records have been mishandled, or, in real truth, falsified, to make it look as if we were not entitled to pensions.

My evidence clearly shows that the charges are true.

Concerning McClellan, Walter H. Kirchner, secretary of the Canadian combat veterans' association, in a letter dated April 5, 1948, had this to say:

What has taken place in respect to the McClellan case (since the commissioners under P.C. 4980 made their findings) is what will

take place within the claims of all those I represent—as their legal adviser—until such time as the actual, recorded evidence given before the inquiry by my witnesses receives scrutiny by a properly-qualified judicial body familiar with the implications of the military pensions legislation statutes of Canada.

And again I quote from the same document:

My witnesses were those I produced to back up the charges of definite infringements of the military pension statutes or what is termed "maladministration" illustrated in bureaucratic violation of the statutes, by the use of improper or false reports read into the records—and the rights of ex-service men and women and their dependents so outlawed.

McClellan contends that he was given only a 50 per cent pension for a 100 per cent multiple war disability condition. He says that, as a disability pensioner, he took up fruit ranching and invested $5,000 in a ranch under the soldier settlement board, and was evicted from the ranch on account of temporary arrears during the depression period, when such arrears could have been waived under the provisions of the Soldier Settlement Act owing to McClellan's disabilities. Subsequently he sought damages in the exchequer court for wrongful eviction and recovery of his $5,000 equity, but without result.

Again, at seventy-two years of age—and it must be remembered that we are speaking of a man who went and risked his life for Canada in world war I—in order to keep a roof over his head and that of his wife, he is forced to wash dishes in an hotel. He received an injury to his leg while working, but the workmen's compensation board of British Columbia refuse to honour the claim as they state that, while the injury prevents McClellan from carrying on his employment, the injury would be only a superficial one to a young or middle-aged man; but the arthritic condition and allied disabilities arising from war service, coupled with McClellan's age, make the outcome of this injury a responsibility of the Canadian pension commission.

This helps us to see how some of these splendid men are getting what is popularly called "the run-around".

Again, unless McClellan is given his proper pension assessment of 100 per cent instead of the present 50 per cent, he will be compelled to sell the equity they have in their home and endeavour to make both ends meet by living on the proceeds, because he is definitely out of the labour market, as his private physician's report makes clear.

May I turn now from the McClellan case and consider briefly matters pertaining to Frank W. Connorton, who is just a boy. This man enlisted on January 5, 1943. He was well, strong, sound in body and mind and full of hope for a future of abundant living. He was discharged on March 18, 1946, as medically unfit, broken in mind and body, with no hope for a future of any kind or degree of abundant living. After months of striving for justice, he became the subject of a Canadian pension ruling signed at Ottawa, May 10, 1947. In this ruling appear the following words:

The commission rules:

"Prespondylolisthesis—pre-enlistment condition, aggravated three-fifths during service in Canada. Effective June 1, 1946, as the aggravation did not arise out of nor was it directly connected with military service."

After months more of struggle, he was again the victim, receiving in a letter dated January 29, 1948, the following message:

I have to inform you that the reports of the examination recently held on you show that your pensionable disability from prespondylolisthesis is 18 per cent in extent.

That letter, dated January 29, 1948, is signed by W. E. Dexter, secretary of the Canadian pension commission.

This means, Mr. Speaker, that this young man receives no more than $20 a month, if I interpret it aright, to recompense him for practically total wreckage in war service to Canada. How did it come about that such a gruesome state of affairs developed in Canada as is illustrated in the case of this young man?

Reviewing Connorton's case, I find myself impelled to ask the minister to find the answer for me to four main pertinent questions. First, did this man's condition partly result from an appendix operation in June, 1943? In this operation, I might say, the man was given a local anaesthetic through a needle thrust into the spine. But the man administering the anaesthetic was apparently practising on Connorton; he had to make eight attempts before he was able to get the needle into the right place in the spine, the whole process being accompanied by excruciating pain and what later developed to be permanent injury to the young man.

The second question: Did his tragic final condition partly result from his effort to do work for which surgical bungling had unfitted him?

Third: Did his condition result in any considerable measure from a spinal fusion operation on November 15, 1945, apparently unsuccessful, and subsequent mismanagement on the part of government officials in the army?

Fourth: Was his misfortune partly the result of a second unsuccessful spinal fusion operation on or about September 18, 1946?

I become more suspicious and inquisitive in regard to this case when I review again Frank W. Connorton's history of hospitalization. As given to me it is as follows:

1. Local spinal anaesthetic given the latter part of June, 1943, when the needle was driven eight times into the spine by a Doctor Palmer, followed by an appendix operation.

2. Hospitalized for gland trouble in the spring of 1944.

3. Given a one-man medical board by Doctor Whitelaw, July, 1944. X-rays taken of his back; then the report coming back—and I draw the attention of hon. members of the committee particularly to this finding, which has an important bearing on the finding of the commission on May 10, 1947—"Nothing wrong with the spine". Then he was classified by this board as A-1.

4. He was examined by Doctor Mackenzie at the Givenchy barracks, August, 1944, who reported also, "Nothing wrong with the spine".

5. He was admitted to Shaughnessy hospital, Vancouver, B.C., August, 1944, with a condition diagnosed as bronchitis and laryngitis. This condition diagnosed by Doctor Harold and an operation for tonsilitis performed by Doctor Jackson.

6. Examined by Doctor Ross Robertson, neurosurgeon, on complaints of Connorton regarding the condition of his spine. This physician told the man he had an unmatured spine. He was given a first spinal fusion on November 15, 1945, by this surgeon.

7. On April 2, 1946, he was boarded by the neurosurgeons Boucher, Naden, Starr, Thompson and Black, on complaints of the man that he was still suffering from pain in his back.

8. He was turned over by the neurosurgeons to the departmental psychiatrist, Doctor Stanley, who stated in his board: "Nothing wrong with the man except in his imagination".

9. X-rays taken of the man's spine at the Nanaimo hospital about the middle of September, 1946, on complaints of the man that his back was bothering him.

10. He was examined by Doctor Frank Lehman, neurosurgeon, Shaughnessy hospital, about the middle of September, 1946.

11. He was boarded by the neurosurgeons Boucher, Naden, Starr, Thompson and Chipsuik. Exploratory operation of opening up the spine followed and discovered bone-graft fusion did not take. The second spinal fusion operation followed.

I think almost every member of the committee must be astonished by the history of this man's hospitalization. Note particularly that on July 4 Doctor Whitelaw declared there was nothing wrong with the spine, and that in August, 1944, Doctor Mackenzie also declared there was nothing wrong with the spine. Let us bear in mind that the commission found that the man suffered from pre-enlistment disability; yet these two doctors declared there was nothing wrong with the spine in 1944! This ought to be enough to show that there should be some effort at consistency among those employed by the Department of Veterans Affairs. Then Doctor Ross Robertson found an unmatured spine, right after these other two doctors had declared there was nothing wrong with the spine! Then a spinal fusion operation took place, a major operation which, I understand, is most painful and most dangerous. Then Doctor Stanley, psychiatrist, declared there was nothing wrong with the man except in his imagination.

I wonder how many of these pestilential psychiatrists we have in the employ of the Department of Veterans Affairs. In a general, sweeping way I would stop here to advise the veterans affairs department to clear out these people as one would clear vermin out of a house. I do not think we have any use for psychiatrists to deal with our soldiers in this dominion; and I do not care who the psychiatrists are. If what they do is indicated by what was done in this case I believe everyone will agree that I have not spoken immoderately. Here is a man who, in the face of a spinal fusion operation, declares that the soldier has nothing wrong with his back except in his imagination! Hon. members will recall that there was an exploratory operation opening the spine, which disclosed that the bone-graft fusion had not taken; and this immediately followed the declaration of our psychiatrist that the only thing wrong with the man's spine was in his mind! If we should have another war, and if any of us should have a boy going to that war, I think we should offer a silent prayer that he will never fall into the hands of a psychiatrist.

Then, on May 10, 1947, after all this, the pension commission found there was nothing to indicate that his condition was caused by military service! Probably there was a play on "military service" as a pair of weasel words, so that what the commission said was technically accurate but in spirit monstrously wrong. If this man's ills did not result from service in His Majesty's forces, I do not know how in the world one would proceed to prove that fact. While all this is going on, the boy called Connorton, who might be your boy or mine, Mr. Speaker, a lad in whom our whole faith and hope are reposed, is wrecked. One of God's noble youth in Canada is destroyed.

The question we ask—and I speak for all members of the house—is this: What is to be done about this boy? This house, with one voice, asks the Minister of Veterans Affairs (Mr. Gregg) to tell us what is to be done about this boy? He was taken away from home—healthy, gloriously strong, able to do heavy work. I have evidence in abundance to prove that. He was taken into the army, and was turned out of it a wreck. And it was at that time it was declared that his disability was the result of pre-enlistment deficiency. He was turned out, thrown on the scrap heap, with a miserable $20 a month—not enough to provide him with a room.

What is to be done with the others in his class? This boy is not the only one. Where one has suffered, there are plenty of others. Who is going out to find them in all their various theatres of suffering? Who is going to do something to see that their injustices are remedied?

The suffering of each of these two boys, these two servicemen Connorton and McClellan, is extreme now. The veteran Connorton, for example, has a disablement from spinal fusion, an exceedingly serious and painful malady.

I received today this letter dated June 8, 1948, which deals with spinal fusion cases:

John Blackmore, Esq., M.P.,
House of Commons, Ottawa

Dear Mr. Blackmore:

re Spinal Fusion cases

In my conversation during the 1947 parliamentary session with Brig. Gen. W. P. Warner, M.D., director general of the treatment services of the D.V.A., in discussing the plight of the spinal-fusion cases, he admitted that "once a man received a spinal fusion," as he expressed himself, "God Almighty could not cure him"; or, in other words, restore the man to a physical condition where he could again render able-bodied service in industry or the professions, such as civil engineering, where men are subject to physical strains.

General Warner further stated that while he considered the treatment services of the department "the finest in the dominion" yet, as he expressed himself, "the spinalfusion cases were the great nightmare of the treatment services."

If you will refer to General Warner's report, incorporated in the findings of the public inquiry, held under P.C. 4980, and embodied in the minutes of proceedings and evidence of the select committee on veterans affairs, April 15, 1948, it will be observed he is quite frank in acknowledging the gravity of the situation confronting men who have received one, two or more spinal fusions with resultant near-total disability.

Yours sincerely,

Walter H. Kirchner, Secretary,
Canadian Combat Veterans' Assn.

[Mr. Blackmore.]

Here is this boy expected to make his own living, turned out roughly and provided with $20 a month, which is not enough to supply him with his medical needs. What is to be done about him? Is there any ear in the Dominion of Canada; are there any ears in the House of Commons, which will attune themselves to his pleading voice, and resolve that something shall be done to make right this monstrous wrong?

I would ask the minister to prepare at an early day detailed answers to the questions I have asked, and to give them to the house either before or when his estimates come up for discussion. I would ask the minister to have the most exacting investigation made of the various decisions which have been made, bearing upon each of these two cases, and to explain to the house fully at an early day the justification for the decisions of May 10, 1947, and January 29, 1948, in respect of the Connorton case and the corresponding decisions in the McClellan case.

I would ask the minister, further, to tell the house at an early day what he proposes to do (1) to remedy the injustices in each of these two cases; (2) to seek out and remedy the injustices in each of the cases in that class of injustices of which Connorton and McClellan are examples and (3) to safeguard other cases throughout this land against similar injustices.

May I assure the minister I intend to follow these cases through, in the hope of my being of some assistance to the minister in his efforts to detect and to remedy certain abuses in the administration of veterans affairs which have left many results deeply regrettable to all Canadians.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, the hon. member for Lethbridge (Mr. Blackmore) has read into the record a serious indictment with regard to the administration of veterans affairs. He has put some pretty specific evidence on the record in respect of these two cases.

It is unfortunate that the minister is not now in the house, because I believe the grievances the hon. member has aired require some answers from the minister.

Mr. GOLDING: The minister is not in the house. The answers can be made when the estimates are being considered, and when the officials are here.

Mr. GILLIS: It is all right to have it done on the estimates; but the fact of the matter is that the hon. member for Lethbridge has put on the record detailed evidence with regard to two cases. This goes out to the public, and I suggest that some answer should

be made now. There are always two sides to every question. I do not know anything about the merits or demerits of the two cases discussed; but in the interests of the department as a whole, and of the minister, I suggest that some answer should be made now, so that hon. members may have a reasonable picture of what the problem is in respect of these two men.

After listening to what the hon. member for Lethbridge has said, I would say there has been a callous disregard for suffering and for the things to which these veterans were entitled. Dealing with the department from time to time and with the pension commission, I have found them fair and reasonable, working within the limits of the legislation under which they operate. I should like to hear an answer now, or at least some assurance from the minister that he will give a detailed statement respecting these two cases when his estimates are under consideration. There is now on the record a full statement of the other side of the picture, and I should like to have some clarification of it.

Hon. ALPHONSE FOURNIER (Minister of Public Works): Mr. Speaker, I understand that the Minister of Veterans Affairs (Mr. Gregg) is in the committee on veterans affairs.

We never thought that these two particular cases would be brought up today. I shall call the attention of the minister to these cases, so that he may answer them.

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

DEPARTMENT OF FINANCE

68. Departmental administration, $997,990.

Item stands.

LEGISLATION

151. General administration, $283,433.

Mr. KNOWLES: How many departments will this leave?

Mr. FOURNIER (Hull): There will be one department left, but I undertook that every week we would make a formal motion to go into supply, so that hon. members could bring up any grievance they might have.

Item stands.

DEPARTMENT OF THE SECRETARY OF STATE

428. Departmental administration, $141,048.

Mr. DIEFENBAKER: Would the minister say what expansion there has been this year in his department?

Hon. COLIN GIBSON (Secretary of State): In numbers?

Mr. DIEFENBAKER: Yes.

Mr. GIBSON (Hamilton West): That would be difficult, because the department includes many branches such as the printing bureau, the patent office, the translations bureau and others. I could give them for each branch as we go along.

Item agreed to.

429. Citizenship registration branch, $165,105.

Mr. DIEFENBAKER: I should like to know the number of applications that have been made for citizenship certificates by native-born Canadians since the new act came into effect. When the act was first established there were, in different parts of the country, ceremonies which had a profound effect upon the attitude of our citizens who had come from other lands. There were public functions, and an endeavour was made to educate our people in the meaning of citizenship, not only from the point of view of its benefits and rights but also as to its responsibilities. Much was made of the fact that many Canadians would desire to have certificates in order to show that they were in fact citizens of this country, without regard to hyphenate considerations. That was most commendable. I think the citizenship act has had a most salutary effect upon our people as a whole.

However, I feel that the department, since the act came into effect, has not been as enthusiastic about it as it was at the time it originally became law. I should like to have from the minister the number of native-born Canadians who have applied for citizenship certificates in the years 1947 and 1948 to date. Second, I should like to know the number of those who were naturalized as Canadian citizens prior to the act coming into effect, who have since asked for and secured citizenship certificates.

Mr. GIBSON (Hamilton West): I have the figures for the previous year, but for the year 1947-48 natural-born Canadians who were entitled to certificates in proof of citizenship applied to a total number of 11,972. That is the number actually issued in the past year. Those who had previously been naturalized under the Naturalization Act applied for certificates in proof of citizenship to the number of 2,102.

Mr. DIEFENBAKER: Is the minister satisfied with the degree to which applications have been made, particularly by naturalized citizens? What has been done to encourage applications for these certificates?

Could the minister advise the committee as to the extent to which the enthusiasm that existed in January, 1947, in his department, has waned in the intervening months?

Mr. GIBSON (Hamilton West): I would not say that it has waned in the slightest degree. A person who has a naturalization certificate has no need of a certificate in proof of citizenship. If he turns in his naturalization certificate, we issue the other certificate if he wishes it, but his naturalization certificate is of equal value. Some people may ask, what is the value of having a certificate in proof of citizenship? If you are travelling abroad it is of value as proof of citizenship, and it can be of use when returning to this country.

There has been a great increase in the number applying for citizenship in this country. During the last year we issued 25,691 certificates. This is about ninety certificates for each working day, which is quite a creditable performance considering the investigation that is required. These certificates are not sold like postage stamps, because the application must be carefully examined. I feel that the citizenship registration office is doing a good work and has been most efficient during the past year.

Mr. CHURCH: I do not want to delay the passage of the minister's estimates, but last year I happened to be absent temporarily from the house when they were up and when I wanted to ask a couple of questions. One has to do with the patent office and the other with regard to the citizenship registration branch. Many young people find it quite difficult, under the Patent Act as amended, to secure a patent for their useful invention, owing to the cost of the patent and their not having cash to pay for it. A great many young people have to go to the United States for those very good reasons because they find it less difficult to secure a patent and sell their patent there, and Canada thus loses their talent.

Second, how is the citizenship registration plan working out? A great many people have the idea, and it is generally understood in the old country, that we are no longer British subjects but Canadian citizens only. I remember when the *Athenia* was sunk in the early days of the last war. There were 130 Canadians on board, and someone suggested that they were British subjects, which meant a lot on the seas. I think the minister should state that Canadian citizens are still British subjects. Remember *civis romanus sum* and

[Mr. Diefenbaker.]

what it meant, as being a British subject did on the seven seas.

Mr. GIBSON (Hamilton West): The act still provides that a Canadian citizen is a British subject. It is true that an act has been introduced at Westminster, framed somewhat along the lines of our own citizenship act, which provides that residents of the United Kingdom and the colonies will be known as citizens of the United Kingdom and colonies. The fact remains that in Canada we are not only Canadian citizens but also British subjects.

The hon. member asked how the citizenship program is working out. We have had the greatest co-operation from judges across the country. There was a time when applicants for naturalization were called before a court, answered a few perfunctory questions, the application was approved, and the certificate issued. There was little formality about the proceedings. Now throughout the country we have formalities which are designed to impress the new Canadians when they receive their citizenship certificates. The judges have taken great interest in this work, and have received the co-operation of service clubs and particularly from the Daughters of the Empire, who come to these ceremonies and assist in making the new Canadians feel they are welcome in this country. I have attended a large number of these ceremonies, and consider that they help to give the new Canadian a realization of the importance of the step he is taking and make him realize that he is assuming obligations as well as the privileges of citizenship.

Mr. MacNICOL: I was born in Canada, as were my parents, and I have not taken out any citizenship papers for the reason that I could not see why I, born a Canadian, needed to take out citizenship papers. But if I wanted to go to England and then to the continent of Europe, after I obtain my passport as a Canadian born in this country, do I have to take out any more papers than I did before?

Mr. GIBSON (Hamilton West): No; the passport is sufficient.

Mr. DIEFENBAKER: I want to clear up a misunderstanding created as a result of a question regarding citizenship that I asked in this house on May 19. I asked a question as to one Dimitri Dontzow, now a resident of Montreal. My question was to the effect, where was he during the first world war; was he now engaged in work for the government, and had he taken any steps toward

securing Canadian citizenship? The answer given was that he entered Canada on January 7, 1948, and was granted non-immigrant status. The manner in which my question was drafted was designed to prevent any harm or hurt from being done to that man. I was totally unaware of the fact that a controversy was going on among some groups as to whether he should be entitled to remain in Canada and become a citizen. I have always followed the course of not doing anything to injure any person through the protection granted to me by my parliamentary privilege, and I feel that, in asking that question, I have done some harm to that man. While I have not undertaken to say this, I want to say that, so far as I am concerned, this man would make a good Canadian citizen, that he was and has been a consistent enemy of communism in the Ukraine, where he operated since the war, and that those who today in this country are endeavouring to secure his deportation are doing so because they resent the work he did on behalf of democracy during the war and following. I think it is only fair, sir, to mention that, because a lot has been said on this question, indicating, as it might, that I was endeavouring to do harm to a man who, according to information I have gained, not only from members of his organization but from independent Canadians of undoubtedly first-rate reputation, would in my opinion make a good prospective citizen and is a man who ought to be given honourable sanctuary in Canada.

May I ask the minister whether the British government has communicated with him as Secretary of State with a view to ascertaining whether or not a new form of citizenship should be established to be known as commonwealth citizenship rather than as British or empire citizenship?

Mr. GIBSON (Hamilton West): The British government does not communicate with my department; it communicates through the Secretary of State for External Affairs. I believe there have been some communications discussing the form of title that should be applied to a subject of the British commonwealth, but I do not know what reply, if any, the Department of External Affairs might have sent.

Mr. DIEFENBAKER: Would the minister obtain that information?

Mr. GIBSON (Hamilton West): Yes, I shall be glad to do so.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

CRIMINAL CODE

PROVISIONS RESPECTING PISTOLS, MOTOR CARS, LEVEL CROSSINGS AND PAYMENT OF FINES

Mr. T. L. CHURCH (Broadview) moved the second reading of Bill No. 207, to amend the criminal code (pistols, motor vehicles, level crossings and the payment of fines).

He said: Mr. Speaker, I do not intend to detain the house for more than a few minutes in discussing this bill. I would point out, however, that this is the 101st day of the session, and I think we should have devoted an hour to the discussion of the questions involved in the bill. The loss of life in Canada is simply appalling. We find that in one instance eighteen persons are killed in the space of a week end, and in every newspaper that one picks up its pages are figuratively coloured red with the blood of men, women and children who have been ruthlessly slaughtered by motor vehicles.

This bill does not conflict with the bill which the Minister of Justice (Mr. Ilsley) introduced on Monday, since it deals with different subject matters in every section. The bill now before the house is No. 207, copies of which are on the table.

I shall not speak for more than twelve minutes, and in that time I wish to refer to three or four important principles that are involved in the bill. In 1935 there was a learned discussion in this house, lasting the whole of one day and the day following, and I might say that a committee consisting of both houses of parliament was appointed in England to investigate this entire subject.

Coming to this particular bill, I think the object at which it aims is quite clear. On almost every highway in Canada there has been slaughter of innocent people, men, women and children, and that is true right across the country; yet little or nothing is done about it.

Speaking in this house on March 9, 1937, I stated that if any devastating disease were to take the toll the motorcar is taking by night and by day, science and medicine would know no rest until they had found a cure. The death toll by the motorcar constitutes Canada's greatest scandal. The slaughter goes on all over the country, and the economic losses are appalling. The worst thing about it is, I think, the indifference of the public.

In that discussion a great many other matters were referred to. On that occasion I

quoted the observations of Chief Justice Rose at the winter assizes in 1937, in his address to the grand jury. Chief Justice Rose is reported as follows:

"The toll of life by motors is appalling and the number of people injured is infinitely greater," declared Chief Justice Rose in his address to the grand jury this afternoon.

"Careless driving will stop just as soon as the people of Ontario make up their minds that it is to stop," he continued.

It is the part of juries to see that there are convictions. If lawbreakers get the idea there will not be convictions they will continue.

His lordship said there appeared to be something illogical in the fact that a motorist who kills gets a term in prison, while another who is merely fortunate enough to injure his victim gets off easily.

As I have said, five years before that time, in the old country, a committee of both houses of parliament was set up to go into this question and it got something done. On February 13, 1935, there was a non-political debate on the subject in the Canadian house on a resolution of mine in which some twenty-seven members took part. In that debate I emphasized the fact that one of the commandments is, "Thou shalt not kill", but many men of real worth have violated the laws not only of God but of man.

No invention has contributed more to the education, pleasure and enjoyment of the people than the motorcar; but its use is one thing, its abuse another. As with every great invention, use and abuse are two distinct things. During the past century scientific discoveries in medicine, chemistry and physics have resulted in untold good to humanity, but the abuse of some of these discoveries in chemistry, biochemistry and physics has in war proved a curse to mankind. In like manner today the abuse of the motorcar is a curse to humanity.

On looking into this question, one finds involved in it tremendous annual losses in deaths, accidents, injuries and money. Untold sorrow and suffering are caused, intense pain and grief exceeding anything that the human imagination can conceive. The only evils which have equalled it are plague, pestilence and famine, battle, murder and sudden death. It would be misleading and mischievous to attribute all the blame for these ghastly horrors on our highways to all who drive and use motorcars. Ninety-five per cent of the drivers want to obey the law; it is the five percent about whom I am complaining.

One has to study the records to know the facts, and as I study the records of thousands of cases I am driven to the conclusion that, beyond dispute, this small minority must take

[Mr. Church.]

the major part of the blame. They appear to have exploited for their own pleasure or profit the generous tolerance of others by using their cars in an irresponsible, careless, cruel and un-Christian way. The fault is grievous, and they can have no ground for complaint if they are put under restraint as far as the criminal code is concerned. Ignorance and thoughtlessness are no palliatives. Obedience is the only reparation they can make and it is long overdue.

I should like to quote something that was said by the late Chief Justice Meredith, who so ably presided on circuit for nearly forty-six years. At the last assizes over which he presided in Toronto he addressed the grand jury on the amendments that were made in 1930. He said:

And as now nearly everyone is a car owner and car driver, young and old, of all sorts and conditions, it is difficult to get justice in even a civil action.

Car-driver-jurors have nearly all the speed fever; and self-preservation instincts are so strong that they will not be persuaded to decide against drivers who have been no more unlawful than they themselves often, if not commonly, are.

What then is the remedy? I think it should be: Make the laws plain and reasonably severe and enforce them; and cancel licences freely.

And at the other end of the matter: Give no licence to anyone who is not proved to be mentally and physically, and from experience and a knowledge of the highway laws, thoroughly capable.

A situation such as this calls for a united effort from the church, the press, parliament, the legislatures, boards of trade, chambers of commerce and all other public bodies. The privation and sorrow, the broken lives and shattered homes, resulting from such a holocaust are just as real as at the time of the nation's supreme trial in the war. It is hidden, and it is suffered in silence; but how long will that continue to be?

Three features dominate the conduct of motor traffic: a domineering indifference to the convenience of others, excessive speed, and congestion. Ever since man learned to direct a machine more powerful than himself, he has asserted his superiority of force over his neighbours. "Make way or take the consequences" has been his cry. Yet this indifference to others is limited to a small number of motor drivers. The motor leagues of the provinces make the same complaint. It is a small number out of the large body of drivers who transgress; ninety-nine per cent of them respect and obey the law. The majority of motorcar drivers have only a hazy knowledge of the mechanism of their machine, and for absolute control the only condition in which a car is fit to be driven at thirty miles an hour

is perfect adjustment. Even so, the machine is potentially as dangerous as a loaded gun and must be handled with equal care and vigilance. A moment's inattention may be fraught with dire results. Every motor vehicle is a dangerous implement, even when controlled by the most expert, and requires incessant vigilance in all circumstances, especially at speeds above thirty miles an hour.

Transportation should be a means to an end, not an end in itself. I could go on further, but I will not do so.

I come now to the bill itself. The first section deals with the use of pistols or air-guns, loaded or unloaded. Pistols can be purchased at many places. I know of an industry on Spadina avenue that sends out pictures and pamphlets describing its manufacture. They come over the border from Connecticut, in the United States, and it is easy to buy one.

Another section provides that "pistol" shall include anything of the shape or form or size of a pistol. Many of these fatal accidents have been caused as a result of the ease with which a pistol may be secured, especially by some of the younger people. The pistol, added to the abuse of the motorcar, is a menace to the people of this country.

My time is about up, but I may say that another section deals with those who drive motorcars under the influence of alcohol. That is a practice which has been condemned at many sittings of the courts by the Ontario government's expert, Doctor Rogers. He says that liquor is killing five people and injuring eighty-four every week on the highways of Ontario alone. I think the opposition members should look into this matter. This is referred to in *Hansard* of April 22, 1947. I propose an amendment under one section of this bill.

Every section deals with a different principle. Subsection 4 of section 55 of the criminal code as enacted uses the word "narcotic". I propose to substitute "under the influence of alcohol", so that the section will then read:

> Everyone who, while under the influence of alcohol or any narcotic, drives any motor vehicle or automobile is guilty of an offence and liable to . . .

And the punishment is set out.

The next matter dealt with is the hit-and-run drivers, the most cowardly type of all. I have seen instances on the main streets of our city where a hit-and-run driver comes along and injures someone. I was on Danforth avenue yesterday and I saw a small child on the road. Several cars passed her, and the last one came along at an outrageous rate of speed and knocked her down. Nobody could stop him. In fact a special policeman would be necessary for each car for that purpose. But these hit-and-run drivers get away with it. No one got that man's number. Yet the child was injured. Many children have been killed and injured in this way. In our city, in the riding which I represent, and it is an industrial riding at the south end, there are some poor people whose children have been knocked down and killed by hit-and-run drivers, and no penalty is meted out. It is a form of murder and there should be further legislation dealing with it.

Another matter dealt with in the bill is the failure to stop at level crossings. Several people were killed on Monday at one of these. I should like to have put in the code a section which would read:

> The operator of a motor vehicle on street, road, highway or other public place who neglects to come to a full stop before reaching a level crossing where a railway crosses such street, road, highway or other public place, and who does not look and listen for an approaching train before passing a level crossing, shall be guilty of an offence and liable on summary conviction to a fine not exceeding $50.

The loss of life at level crossings is appalling, and some remedy should be found.

Another section provides that those who cause death are not to drive for two years. It deals with culpable negligence. Under the law of New York state it is for the jury to say. It takes two people to make any accident that I know of on the highway. You cannot have any accident unless two people are involved, one going one way and one another. The cause of death is for the jury to say. In some cases they assess the negligence at 20 per cent or 25 per cent on one side and 75 or 80 per cent on the other. If the jury brings in a verdict like that, the accused person is not to drive for a period of two years.

Another matter dealt with in the bill is the trial of a young person. The other day in county court in the county of Peel, we had an instance of the trial of a young offender. I believe the parents should be notified in these cases. I do not see why, when one is in Montreal or in another place, the parents should not be notified of their being held in custody for some offence.

The late Chief Justice Rose referred to the present law at the assizes in Toronto; I quoted him a moment ago. He said that the jury was to blame in some cases for not having the courage to enforce the law. The function of a judge is to explain the law to the jury, and the jury is bound to take what the judge says is the law. But in a charge to a jury I believe that, in these cases of manslaughter arising out of the operation of motor vehicles,

the question of fact whether the accused is guilty or not guilty should be left to the jury. On the trial with a jury of persons who cause death or serious injury, it is desirable that the functions of the jury should not be curtailed or abolished. There has been much criticism of many cases of gross negligence having been taken from the jury. The jury is required to take the law to be what the judge says it is. In many cases trial by jury is almost negatived; there are so many loopholes, and many persons guilty of gross negligence get off. I contend that the law should be brought up to date to meet changed conditions. The remainder of this particular Bill No. 207, and some of the members have not read it or seen it, probably, refers to the summary convictions act in England, whereby time is given to pay the fine. This is the 101st day of the session and this is the first opportunity we have had of bringing the bill up for second reading. We are almost back in the days of "Little Dorritt" in Dickens, having regard to the number of people who have been sent to jail under the present system for not paying their fines. Many of them are minor offenders who have never been in jail before in their lives or appeared in court. I believe this is a good provision. The bill provides for time to pay, as is the case under the law of England, where half the prisons have been closed by this wise method of law reform there.

That is all I have to say about the bill. I believe the house should have given more attention to this bill in the early days of the session. There is no reason why we should not have more time to discuss these important matters of life and death to our citizens. It is only necessary to read the newspapers to learn daily about all these deaths which have taken place, not only from level crossing accidents but from motorcar accidents, drownings, fires in homes, children left alone and many other causes, floods and fires. This is one of the matters that should be looked into by parliament.

Mr. CLARENCE GILLIS (Cape Breton South): I have not much to say on this bill, Mr. Speaker, except to comment on one or two things the hon. member for Broadview (Mr. Church) had to say as he went along. The bill is a lengthy one, and one would almost need to be a lawyer to follow through all its ramifications and understand it. Some of the penalties proposed in the bill are somewhat drastic.

When the hon. member was commenting on the bill. I was interested in the observations he had to make with regard to accidents at level crossings. His argument was that certain penalties should be applied where a driver fails to stop, look and listen at a level crossing. I do not think an amendment to the criminal code is the solution of that particular problem. I think level crossings should first be eliminated as far as possible. That is the responsibility of both federal and provincial governments, in the protection of the public. However, until such time as we can get around to the elimination of level crossings, I think the railroads, both short and main lines, should be compelled to place signals at level crossings. In driving through this country, I see hundreds of these level crossings which you come upon suddenly; you do not know a crossing is there until you are on top of it.

I remember being in New Brunswick a year ago, driving along behind a small car. An electric train came out of the woods suddenly and smashed the little car ahead of us, killing an old man who had been riding in it and badly injuring the driver. I was sufficiently interested to go back to that little town that night and listen to the inquest, for I was reasonably sure that if the little car had not been ahead of us we would have been on the crossing and would have been struck by the train coming out of the woods, since there was no warning and no signal. It is the responsibility of the railroads to erect signals of some kind at crossings like that. I heard the jury bring in a verdict in that case, and in their verdict no blame was attached to the railroad, despite the fact that there was no signal and no warning of any kind.

I wanted to make just this comment because of the argument by the sponsor of this bill that the criminal code should be amended to make it an offence, carrying pretty heavy penalties, for anyone on the highway failing to stop, look and listen at a level crossing. In some of the provinces of Canada you may cross the main line of the railway a dozen times in a hundred miles, where you criss-cross back and forth. All these crossings are bad and dangerous; but that is not a condition which can be remedied by legislation. In my opinion it is the responsibility of federal and provincial governments to eliminate such crossings where possible, and to compel the operators of short lines, particularly, to erect warning signals where they cross heavily travelled main highways.

Mr. JOHN R. MacNICOL (Davenport): In the first place, Mr. Speaker, I think the hon. member for Broadview (Mr. Church) deserves credit for his indefatigable energy in endeavouring to protect the public in one way and another, and I for one congratulate him.

I want to add a word or two to what has been said by the hon. member for Cape Breton South (Mr. Gillis), with much of which I agree. The problem is to have someone eliminate level crossings. The responsibility is that of the railways and the provinces and, I presume, also the federal authorities. We have an act on our books, and we vote a good deal of money for the elimination of level crossings; but, even so, I do not think any of us will live long enough to see all level crossings eliminated.

There are some very bad crossings of this kind. I have in mind one between Brampton and Georgetown, on No. 7 highway, where many cars pass daily. I was almost run into by a train there, because you do not see the train coming from the left, and you are on the track almost before you know it. So anything this house, the legislatures and the railways can do to eliminate level crossings should be done.

Right Hon. J. L. ILSLEY (Minister of Justice): I should like to say a few words on this bill, Mr. Speaker, which is very much like the bill introduced with the same subject matter last year by the hon. member. At that time I had not introduced the annual amendments to the criminal code, and I intimated that some of the ideas contained in the bill would be incorporated in those amendments. Apart from one of those ideas, however, I do not think there was any such incorporation in the amendments to the criminal code last year. That one related to the first two sections of the bill, having reference to the use of firearms and imitation firearms. In the criminal code amendments of last year, which are found in chapter 55 of the statutes of 1947, section 15 provides:

> Paragraph (c) of section four hundred and forty-six of the said act is repealed and the following substituted therefor:—
> "(c) being armed with an offensive weapon or instrument or imitation thereof robs, or assaults with intent to rob, any person."

I suspect that my hon. friend's objective was to prevent robbery brought about by the use either of a weapon or an imitation weapon, though the amendments proposed in the bill which he introduced last year, and which he has reintroduced this year, do not attain that objective. As far as it is possible to do anything effectively by legislation, I think it was done by the amendment to the criminal code introduced in 1947, which I have cited.

The matter of the use of imitation weapons is only one of a large number of unrelated provisions contained in the bill before the house. It is not possible to discuss the principle of the bill without discussing some of these unrelated subjects dealt with in the bill. Part of the bill is devoted to a stiffening of the penalties and a change in the law with respect to the driving of motor vehicles by intoxicated persons. Undoubtedly there is a large loss of life on account of the driving of automobiles by persons who are intoxicated. Last year, when the amendments to the criminal code were being considered, the government gave some thought and spent some time in trying to decide whether it would be possible to make the law more effective in that regard. The conclusions we came to were that it would hardly be defensible to adopt the principle my hon. friend has argued for tonight; that is, that it should be an offence to drive an automobile while under the influence of alcohol only.

The reasons for that were stated in some remarks I made on criminal code amendments on July 3, 1947, which are to be found in *Hansard* of that date at page 5034. The passage is not very long, and I am going to ask the house to be indulgent enough to let me read it, because this is an important subject, and upon reading over these remarks, as I have recently, I find that they represent my views today:

> The hon. member for York West (Mr. Adamson) referred to an important subject, namely the question of driving motor cars by persons who are intoxicated. This is a matter of increasing importance. With the increasing amount of liquor being consumed in Canada, the increasing drink bill of the Canadian people, the increasing numbers of motorcars on the highways and the increasing number of accidents, parliament should take any steps it can which would be effective to prevent the causing of accidents or deaths on the highways.
>
> Much thought has been given to the matter without, I must admit, very great results in the bill. The penalties for hit-and-run drivers have been increased.

And, may I interject, those penalties were increased by our criminal code amendments last year. They are not as severe as those proposed by the hon. member in his bill tonight; but, as I have had occasion to point out to the house before, penalties may be so severe that convictions cannot be obtained. That is a consideration which I would call to the hon. member's attention. Then, on that occasion I continued:

> That is a peculiarly unpleasant sort of offence. We thought we would be justified in recommending an increase in the penalty. On the other hand, we did not think we would accomplish anything by increasing penalties for drunken driving. At the present time the penalties for drunken driving are seven days or thirty days, as the case may be. I, personally, do not think that raising it to fourteen days or sixty days would act as a deterrent.

There again, I believe that many of those persons convicted of drunken driving dread the seven days or the thirty days in jail just as much as they would the longer periods. If we make the detention longer magistrates and courts become increasingly reluctant to make convictions. In some cases they are reluctant now to convict. So we turned our attention from penalties to definitions, and considered how best we could define intoxication. The present definitions could possibly be made more satisfactory. The ordinary definition of intoxication in relation to drivers is that degree of intoxication or of being under the influence of liquor which renders the driving of a car dangerous to the public. This means that if the person were permitted to drive the car it would be a danger to the public.

That is accepted by most of the courts. Therefore there did not seem to be much to be gained by trying to extend that definition. It is almost impossible to say that a man is intoxicated if he has had a drink we will say, within one hour, two hours, three hours or four hours, because the variation is so great. It would be extremely severe to make it an offence to drive an automobile while under the influence of liquor. The courts have ruled that a person is under the influence of liquor after he has had a drink. The influence may be quite slight, and it hardly seems sufficient to make a criminal out of a man who has had a drink.

I think I should have said that it hardly seems appropriate to make a criminal out of a man who has a drink. Then I continued:

So we abandoned that.

We gave consideration to the reversal of the onus in some cases. The best section that I could evolve, and which I want to put on record for the consideration of members, is this:

"Provided that whenever a motor vehicle is involved in an accident, evidence that the person driving the said motor vehicle acted at or about the time of the accident in a manner indicating that he was under the influence of intoxicating liquor, shall be prima facie evidence that the said person was intoxicated."

I am not recommending it at this session, but if in the course of time it is found that we have to do something, from what consideration I have been able to give the matter, this is the most practical amendment I can suggest if an amendment is to be made to stiffen the section. The proposed amendment has much to commend itself, but it also has much against it. I should like those who are interested in the subject to give it some consideration between this and the next session. I may say that we have had strong representations to the effect that we ought to go quite far in amending the section. I have not gone very far, as will be seen when the section is reached; what I have done is to try to offset the decision of the courts with regard to one particular phase of the matter which will be explained when the section is reached.

May I say that the proviso, which was so carefully drafted and upon which I invited comment, elicited no comment whatever either in the house or out of it. Therefore I am unable to suggest any better improvement of the section in question. I really am of the opinion that to go as far as my hon. friend seeks to go in his bill would be going too far, and would move the criminal law of the country out beyond the proper realm of criminal law; and perhaps would do more harm than good.

As I said, in the bill there are a number of other sections dealing with a variety of subjects. I could take them up one at a time, but I doubt whether my hon. friend expects the house to pass the bill tonight. The discussion has served some useful purpose. He has brought these important matters before the house and the public, and has given hon. members an opportunity to express themselves with respect to them. I cannot accept the bill. At the same time, perhaps when the criminal code amendments come up, and a general discussion of the sections takes place, it may be that something can be done by returning to this bill at that time.

Therefore I beg to move the adjournment of the debate.

Mr. CHURCH: If there are no other speakers I should like to move the adjournment of the debate.

On motion of Mr. Ilsley the debate was adjourned.

SUPREME COURT ACT AMENDMENT

AMENDMENT TO ABOLISH APPEALS TO THE PRIVY COUNCIL

The house resumed from Tuesday, April 27, consideration of the motion of Mr. Jaenicke for the second reading of Bill No. 5, to amend the Supreme Court Act.

Mr. CHURCH: I would move the adjournment of the debate. I had risen the last time the bill was before the house. On that occasion it was three minutes to nine. I move the adjournment of the debate tonight again.

Mr. ILSLEY: Oh, no, Mr. Speaker.

Mr. SPEAKER: I thought the adjournment was moved by the Minister of Justice.

Mr. ILSLEY: No.

Mr. SPEAKER: I would call the attention of the hon. member for Broadview to the fact that if he adjourned the debate he would close the debate. The hon. member for Lake St. John-Roberval (Mr. Dion) may proceed.

(Translation):

Mr. J. A. DION (Lake St. John-Roberval): Mr. Speaker, I should like to make a few remarks concerning the matter which is now up for discussion, namely the abolition of appeals to the privy council. It may be that I shall repeat, under some form or other,

certain arguments which have already been submitted during the debate, but there is no harm in that. Some truths are like nails: one must hammer at them repeatedly in order to drive them in well.

Mr. DECHENE: Hear, hear!

Mr. DION: Today the great majority of Canadians are in favour of abolishing appeals to the privy council. In fact, since the Statute of Westminster, it is admitted that the dominions are independent states within the commonwealth, bound solely by their common allegiance to the Crown. However, from a practical point of view, it must be admitted that Canada still lacks certain prerogatives which would ensure her the maturity of a free nation. I now repeat what I said last year: in order to attain the status guaranteed by the Statute of Westminster, our country still lacks three things: first, the right to amend her own constitution; second, a distinctive national flag; third, the abolition of appeals to the privy council. I shall deal only with this third proposal, because it is the one we are discussing today.

We must abolish appeals to the privy council first because our status of sovereign state calls for it; second, we have in Canada all that is required to create a judicial body complete in itself and capable of settling all our disputes; third, present conditions do not lend themselves to the prompt administration of justice for all amenable to law.

First, our status of free nation compels us to abolish appeals to the privy council.

When our country was still a crown colony, it was only logical that the final court of appeal be in the old country. As long as we were not fully autonomous in the matter of legislation, it was only logical that we should not be so in matters of law. But we reached our full constitutional development with the Statute of Westminster. Since then, nothing should prevent our abolishing appeals to a judicial body in another country.

This step has been put off since 1931, when the Statute of Westminster was enacted, and this for reasons of expediency rather than procedure. Inasmuch as last year, the privy council stated the Canadian parliament could, of its own authority, abolish such appeals, there should be no more obstacles to our doing so.

It can be said that since 1931, the country at large has been educated in this matter and public opinion now insists that appeals to the privy council be abolished. It is unworthy of a sovereign state to have its citizens subject in any way whatsoever to court decisions rendered in another state.

We exercise our sovereignty in almost every sphere. In the legislative field, for instance, we are absolutely free to enact whatever laws we choose, and this legislation no outside power can either change or disallow. In matters of international trade, it is entirely up to us to enter into any trade agreement we like, and the same applies to our external policy since we appoint our own ambassadors and diplomatic representatives. In 1939, war was declared by the Canadian parliament and duly accredited Canadian representatives sign peace treaties on Canada's behalf. Why then try to preserve an obsolete link, a state of things that is incompatible with our status of sovereign state?

A sovereign state must control its legislation, manage its external and internal policy and submit to no decisions other than those rendered by tribunals within its own boundaries. That is the main reason why we must do away with appeals to the privy council.

A second reason in support of this bill is the fact that Canada has the required and properly qualified court to pass final judgment on all disputes, whether they relate to the criminal code, the civil code or constitutional law.

In criminal cases, the matter is finalized, and our supreme court has been, for many years, the last tribunal to deal with them. In civil matters, nobody will challenge the fact that our supreme court judges are more conversant with our laws, legislation, jurisprudence, customs and traditions than the lords of the privy council.

Some hon. MEMBERS: Hear, hear.

Mr. DION: Be it said with due respect to those honourable gentlemen. Why then submit such cases to a British court, if our Canadian court is better able to pass judgment on them?

Mr. HARTT: Hear, hear.

Mr. DION: Then there are cases of constitutional law, especially litigation relating

to the respective rights and prerogatives of the dominion and provincial governments.

Here it is claimed by advocates by privy council appeals that we should cling to its jurisdiction as a greater protection for the rights of provinces and minorities. To my mind, this claim is groundless. A comparison of supreme court judgments since it was first established with those of the privy council in such matters, will show that the rights of provinces and minorities were no more protected by the privy council than by the supreme court itself. The privy council jurisprudence is like a pendulum which is skillfully made to swing at times in the direction of dominion authority, and at other times toward provincial rights, and it would be quite difficult to ascertain the real trend of that changing jurisprudence.

Mr. LANGLOIS: Hear, hear.

Mr. DION: Moreover, to hold that, because they owe their appointment and jurisdiction to the dominion government, the judges would be prejudiced in its favour, would be casting reflections on the impartiality and the quality of our supreme court.

In the United States, the supreme court is called upon to pass final judgments on litigations arising between the states and the federal government. Justices of the United States supreme court are appointed by the central power, yet no one would pretend that their judgments are biased.

I might follow the comparison into another field. It might also be held that our sessions of the peace judges or our district magistrates, in the province of Quebec, are not competent to pass judgment on matters pertaining to federal legislation, because they owe their appointment to the provincial government. Such a statement would be most unfair and ridiculous. If that is so, why challenge the fair-mindedness of our supreme court judges because they were appointed by the dominion government? I believe I need not stress further the weakness of such an argument.

But even if we were to admit that assertion for the sake of the discussion, it does not follow that we should submit litigations of a constitutional nature to the judgment of a court which is not our own. All we have to do, if necessary, is to amend our judicial system, but I cannot agree that a sovereign federal state is unable to settle its own constitutional or judicial problems, that it must submit them to the court of another country.

[Mr. Dion (Lake St. John-Roberval).]

Lastly, there is a practical problem which we cannot ignore when dealing with the question of abolishing appeals to the privy council. Justice in this democratic country must be prompt and, as far as possible, within the reach of all who come under it. Now, when a case is to go to the privy council, it necessarily takes a long time before the matter is submitted to the final authority. In the province of Quebec, the case is tried first by the superior court, then by the court of king's bench sitting on appeal. Then another appeal is lodged with the supreme court sitting in Ottawa and, at long last, the case is taken to the privy council.

How about the high cost of carrying a case to the privy council? Men of wealth and power can manage it rather easily but those of small means, who cannot meet the cost, often prefer to drop the case or settle out of court on more or less satisfactory terms. To such may be applied the famous lines of fabulist de La Fontaine:

> According as to whether thou art mighty or penniless
> Court judgments shall make thee white or black.

I do not wish to labour the point, Mr. Speaker, but I do think I have made it sufficiently clear that appeals to the privy council are unworthy of a sovereign state, that they do not conform to our present status, that we have here in our own country, courts of law which are perfectly competent to pass judgment on all our cases, and that such a tribunal—i.e. the privy council—does not suit the needs of those who require the expeditious justice within the means of all.

For these reasons I support the bill before us at this time.

Some hon. MEMBERS: Hear, hear!

(Text):

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I wish to refer to this bill, because last year I was opposed to the principle of a similar bill. As the house knows, there are two classes of appeals involved in appeals to the privy council. One class relates to statutory appeals from the dominion or the provinces, the other class to appeals as a matter of grace, which no legislature in the empire can change. It is the right of any British subject to petition His Majesty in his privy council. I have here the very learned opinion of Sir Charles Fitzpatrick, who was not only one of the most honoured members of the legal profession but chief justice of the Supreme Court of Canada, and at other times solicitor general, minister of justice, and afterwards lieutenant governor of a great province of this dominion. In an

address to the Canadian Bar Association in 1914, Sir Charles Fitzpatrick gave his opinion on appeals to the privy council. He said:

In no part of the king's dominions has greater service been rendered by the judicial committee than in Canada, particularly since confederation.

Since 1867, the judicial committee has been called upon in scores of cases to trace out the line of demarcation between federal and provincial jurisdiction, and it must be truthfully said that the result has been eminently satisfactory. Removed, as the majority of judges are, from all local strifes, desirous as they are to distribute the most impartial justice, it is not surprising that the right of appeal to the king in his privy council is one of the privileges most highly prized by the people of the dominion. I do not mean to say that there has not been exception taken to the freedom with which appeals may be carried to the privy council in ordinary civil matters, but whatever view may obtain in other parts of the empire, so far as Canada is concerned, I think I may safely say that, amongst lawyers and judges competent to speak on the subject, there is but one opinion, that where constitutional questions are concerned an appeal to the judicial committee must always be retained.

I am offering that opinion to balance to some extent the opposite opinions which have been offered. I rather think the judicial committee of the privy council has rendered a real service to Canada. Their decisions have been one judgment, no dissenting judgments.

Mr. Conant, when attorney general of Ontario, gave opinions which almost coincide with those of Sir Charles Fitzpatrick. I quote:

Yesterday Attorney General Conant redirected public attention to one of the most contentious questions with which the forthcoming session of parliament will have to deal. It is the age-old proposal to abolish appeals to the privy council, formally introduced at the last session by Hon. C. H. Cahan. Then, as always, opinion was found to be strongly divided, and the bill was held over when the minister of justice suggested that it was too important a matter for summary decision.

It is important, vitally important, to the future of Canada and the commonwealth, and the considered opinion of Ontario's attorney general should be a valuable guide to the House of Commons debate. His opinion is based on both domestic and imperial considerations, none of which can or should be left out of unbiased deliberations. "With greatest respect for this (the appeal court) and all other Canadian courts," he said, "I incline to the view that in matters and cases involving constitutional questions, particularly in issues between the dominion and a province or between provinces, the right of appeal to the privy council should be continued."

This, emphatically, is not the view of some who are perhaps, quite as competent to judge. It is not the view of the sponsor of the bill. Whatever Mr. Cahan may think, there are many experts who cannot share his judgment.

In addition we have the opinion of probably the greatest lawyer which this country ever produced, namely, Sir Allen Aylesworth. I remember going into the court of appeal and seeing him handling the whole docket by himself. Three or four years ago Sir Allen Aylesworth said:

Now, when it becomes at least an academic question, if not a practical one, whether this parliament should do anything to limit or cut down that right of appeal, I desire to question, and to question strongly, the competence of any Canadian parliament to do anything of the sort. Of course, no one would argue that a mere resolution of one house of parliament would have any such effect.

Mr. SPEAKER: The hour for private bills having expired, the house will revert to its business before six o'clock.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF THE SECRETARY OF STATE

The CHAIRMAN: We were considering item 429 in the Department of Secretary of State.

Mr. FLEMING: I wanted to say something on item 428, Mr. Chairman.

Mr. GOLDING: Item 428 was carried before six o'clock, and we had been considering item 429 for quite a while.

The CHAIRMAN: I understand it is the desire that item 429 stand.

Item 429 stands.

DEPARTMENT OF JUSTICE

125. Combines investigation branch, $151,683.

Mr. DIEFENBAKER: Mr. Chairman, I wish to ask the minister something about the prosecution of the dental corporations and what has been done in consequence of the direction of Mr. Justice Barlow to the jury that the evidence which was submitted by the crown was of such a nature that their verdict should be one of not guilty. I brought this matter up at the time the case was tried; for I found it very difficult to understand, having regard to the direct statements made in the volume issued by the commissioner of combines, that the judge under the circumstances should find that there was no evidence.

As I remember it, for I have not the notes before me, the judge directed the jury to bring in an acquittal because of the failure of the prosecution to make out a case: first, because of failure to prove that the documents which were taken from the possession of the

nineteen defendants were in fact documents signed by the representatives of those defendants; and, secondly, because of the failure of the prosecution to prove that these companies were in fact incorporated companies and that the individuals in question, who had signed the letters upon which the prosecutions were based, were in fact officials of the corporations.

The answer given by the minister at the time was that the course followed by the prosecution in failing to prove these obvious matters was an intentional course. Well, if that be so, I should like the minister to explain this. If it was an intentional course, why did the crown counsel, upon the judge indicating the position he would take in regard to the prosecution, and the direction he would give to the jury, then ask for leave to introduce further evidence, which would be admissible, under the rules of court, only provided that the failure to prove these necessary elements was the result of inadvertence or mistake? That is the first question I raise in regard to the combines investigation branch.

The second question I will now state. I can quite realize that one of the arguments which might be advanced for the publication of reports on the part of the commissioner investigating combines is that publicity is a valuable deterrent. But I return to the matter which I dealt with the other day, or to which at any rate, I casually referred. Is there any justification for trying an individual by reports from government departments, before the bar of public opinion, which reports indicate the guilt of those mentioned, when subsequently prosecutions may take place?

I have no sympathy for those who exploit. Indeed, the minister will remember that it was an amendment which I suggested two years ago, accepted by his predecessor in office, that restored to private individuals anywhere in this country the right to take proceedings against combines designed to exploit the public. On the other hand, I think fairness demands that when an official such as the commissioner in charge of the Combines Investigation Act makes an examination of individuals allegedly guilty of infractions of the act, the conclusions at which he has arrived, as a result of the questions asked the individuals involved, or following investigation in general, should not be embodied in a public report until after prosecution has taken place.

I am not in any way considering at the moment the merits of the case against the optical companies. I have no interest in them either directly or indirectly, nor indeed has any one of them communicated with me. But I have an abiding sense of what is fair, and I believe the people as a whole have the same sense. I do not think it can be justified that individuals shall be found, as it were, guilty, by public authority in a public document, until the courts determine the question in the affirmative.

I should like to hear from the minister on these two questions, both of which I consider important.

We have had a committee sitting on prices for the past four months, and I suppose, as well, the commissioner has been investigating alleged profiteering in this country. What has been done by him in that connection? How many members has he on his staff investigating profiteering? To what degree has consideration been given to prosecutions, and how many prosecutions have in fact taken place against alleged profiteers who are exploiting the public?

A statement from the minister on the general set-up of the combines investigation branch today would be timely, for I remember the former minister of justice stating two years ago that up to that time there were no teeth in the legislation nor was there a sufficient force to act with dispatch, but that with the amendments, a new era would have dawned and action would be the result wherever wrongdoing was ascertained.

Mr. ILSLEY: Mr. Chairman, the hon. gentleman has asked me two or three questions in connection with the administration of the Combines Investigation Act. The first question related to the prosecution of the alleged dental combine.

As the committee knows, proceedings against members of the Canadian dental trade association were instituted on the direction of the Attorney General of Canada, on indictment by a grand jury. Eighteen corporate members of the association were charged with offences against section 498 of the criminal code and tried before Mr. Justice F. H. Barlow of the Supreme Court of Ontario sitting with a jury. The trial began on February 23, 1948, and ended on March 18, 1948, when the judge directed the jury to return a verdict of not guilty on the ground that the evidence submitted by the crown had not been adequately authenticated.

The crown is appealing from this decision and the Ontario Court of Appeal has decided to hear the appeal in September. Now, since the case is on appeal, it would hardly be appropriate for me to argue the points of law, even if I were briefed, as I am not. But my understanding is that counsel for the prosecution gave consideration to this question as to whether it was necessary to prove the

authority of those who signed these documents to act for the defendants, the companies, and relying on certain cases he decided it was not necessary. I presume it would have been an enormous job. The case took a long time as it was. Whether that had anything to do with it or not, I do not know. It is true that, after a long argument, counsel for the crown did make application at the last moment to be allowed to call evidence to prove that those who signed the documents did so on behalf of the defendants in the action. That application was denied. My hon. friend asks me, if it was not inadvertence, why that application was made. I am not in a position to answer that, but I think I have been in cases myself where at a late date I decided that, in view of the reaction of the presiding judge or something of the kind, perhaps I had better do something I had not planned to do at the outset of the case.

Mr. DIEFENBAKER: But not after your case was closed.

Mr. ILSLEY: No. At any rate that is a matter which I cannot answer. Mr. D. L. McCarthy was senior counsel and Mr. Peter Wright was junior counsel; there was a large number of counsel. But Mr. McCarthy had a great deal of experience. All we can do is to get the best counsel we can, place the case in their hands and be guided by their advice. As I say, the case is on appeal.

The second question the hon. gentleman asked me is an important and interesting one; that is, whether this act is fair in the provision that it makes. It must be borne in mind that we are on the estimates here tonight, and I do not know whether we should be considering the principle of the Combines Investigation Act. The act is not before the house for amendment. The relevant sections are first, section 12, which reads as follows:

> The commissioner shall, on application made under section 11 of this act, or whenever he has reason to believe that a combine exists or is being formed, or on direction by the minister, cause an inquiry to be made into all such matters as he considers necessary to inquire into with the view of determining whether a combine exists or is being formed.

And then later, section 27, paragraph 5, is to this effect:

> Any report of the commissioner or of a special commissioner, other than an interim report or a report of a preliminary inquiry under section 13 of this act, shall within fifteen days after its receipt by the minister be made public unless the commissioner states in writing to the minister that he believes the public interest would be better served by withholding publication, in which case the minister may decide whether the report, either in whole or in part, shall be made public.

As I said the other day when the hon. member raised this question on the orders of the day, that section or a similar section has been in the act from 1910 down to the present time. Of course, from 1923 until 1935, I think, the registrar was the important man; the general course was that the registrar made an investigation and a report, and the act was silent as to whether that report should be published or not. But if he reported that there was a prima facie evidence of a combine, a special commissioner was appointed; and the special commissioner's report was subject to exactly these provisions. From 1937 on, those provisions have been in the act.

I submit that it is necessary that there be publicity. At least, it is my contention or submission that there should be publicity. This offence is not at all like an offence that speaks for itself. It is all a mystery. The public has no way of knowing whether there is any combine or not. It is not like theft, bank robbery or any of those other overt or open acts where it is clear that there has been an offence. Here there is just a dark surmise and that is all. If the public is to know anything at all about this, it must be explained to them by the report of somebody who has made an investigation. If you have no provision that that report is to be made public, there is no possibility of an opportunity for public opinion to operate on governments, attorneys general or ministers of justice. There is no possibility of that; and you have to make a strong assumption that public officials will be fully alive to their responsibilities.

My hon. friend is not fond of delegating these great responsibilities to the ministers of the crown. I know that from what he has said in the house. In a matter of this kind I think the operation of public opinion is something to be encouraged. That does not mean that the commissioner should put in anything he feels like putting in that report. It does not mean that he should build up a brief there for the prosecution. It does not mean that he should seek to influence public opinion in a one-sided way. I think it is open to argument that there ought to be some safeguards of what is the purpose in the report. But after all, there is not much difference between the publication of a report by the commissioner and a preliminary inquiry into a criminal action. The commissioner has no judicial power; that is, he cannot himself determine the guilt of the accused. All he can do is express an

opinion. The question is how far he should go in expressing an opinion, and whether he should not confine himself fairly well to facts.

I agree with my hon. friend that that matter is open to argument, as to how far the commissioner should go in that report. But I think there must be a report, and that as soon as he makes it, it should be made public in the normal case. I thoroughly understand the difficulty that my hon. friend points out. It is not usually done. It is done in a preliminary inquiry. People everywhere read all the evidence against the accused. They read that he is committed for trial, and that there is a prima facie case against him. Yet that is not deemed to be contrary to the principles of natural justice and to be poisoning the minds of the public against the accused, because they understand that it is to be followed by a trial, that then they will hear the other side, and that there may be another side. The trial is deemed to be a fair one. So long as it is understood that this is the result of an inquiry which necessarily precedes a trial, and so long as restraint is exercised by the commissioner in making a report, I doubt whether there is any serious infringement of the principle of natural justice.

The CHAIRMAN: Order. It occurred to me that a number of other members intended to refer to the dental supply case. The Minister of Justice has now informed the committee that notice of appeal has been filed and the appeal will be heard shortly before the appellate division of the Supreme Court of Ontario.

Mr. ILSLEY: That is right.

The CHAIRMAN: In view of that fact, I thought I should remind hon. members of the rule respecting reference to cases which are *sub judice*. I would refer hon. members to citation 293 (c) of Beauchesne, second edition, which reads as follows:

> Besides the prohibitions contained in this standing order—

That is standing order 41.

> —it has been sanctioned by usage both in England and in Canada, that a member, while speaking, must not:
>
> (c) refer to any matter on which a judicial decision is pending.

Mr. DIEFENBAKER: That is a salutary rule, Mr. Chairman, and one with which every lawyer would certainly agree.

I come back to the optical case. It is interesting to follow the reasoning of the minister. He placed the publication of the evidence as analogous to the proceedings in a preliminary hearing, as far as influencing public opinion is concerned. The statute provides that publication shall be made within fifteen days.

The report of the commissioner in this case is a strong condemnation of these companies, and goes farther than any mere indication of guilt. It suggests an absolute state of guilty mind, according to the opinion of the commissioner.

I was impressed with one statement made by the minister, that one of the reasons for the publication of this report was to ensure that public officials would discharge their responsibilities under the act, as a result of one public official issuing a report and arousing public opinion, which in turn would impel action to be taken. In view of the fact that action can be taken by the Attorney General of Canada, to whom was directed the report containing such comprehensive findings, I should like to ask the minister why, under those circumstances, action was not taken within the fifteen days, and why action has not yet been taken. The situation used to be that, before action of this kind could be taken, it was necessary to obtain the consent of the Attorney General of Canada and of the attorneys general of the respective provinces in which the offences were committed. Under the amendment I moved two years ago, that prerequisite was removed, and now action can be taken by anyone. In view of that fact, I should like to ascertain from the minister whether, having in mind what has been said and found by the commissioner, he as Attorney General of Canada intends to take proceedings.

Mr. ILSLEY: There is no provision that proceedings have to be taken within fifteen days. Proceedings are taken when the attorney general is satisfied that there is a case. The report of the commissioner is very recent. It was sent to the attorneys general of the provinces, and the attorney general of the province in which most of the activities complained of took place has been asked whether he wishes to take action or whether he desires it to be instituted or conducted by the Attorney General of Canada. It takes a little time for that matter to be straightened out. There is no undue delay. There was a little longer delay than this, I think, in the case of the dental combine; but opportunity has to be given for the study of a long, complicated and involved report of this kind before a course of action is decided upon.

Mr. DIEFENBAKER: I am not going to pursue the subject further, except to say that apparently the Attorney General of Canada, on receiving a report from one of the officials under the Minister of Justice, in which definite findings are made of a combine, still has to be satisfied that the report which

so indicates has a foundation for the conclusion reached by the commissioner.

Mr. ILSLEY: Absolutely; certainly he does. The Attorney General of Canada is not bound to do what the commissioner under the Combines Investigation Act tells him. He is not obliged to take his facts, and he is not obliged to take his law. Presumably he will take his facts.

Mr. DIEFENBAKER: That is going quite a long way, because it means that the official responsible to the Minister of Justice, who makes the findings, may be able to convince the people of Canada as a whole that there is a combine and still may not be able to convince the Attorney General of Canada or Minister of Justice without the minister making further investigation, which is just one more reason—

Mr. ILSLEY: No, not further investigation; just giving consideration. My hon. friend would act in exactly the same way. That is the only responsible way to act, to give consideration to it. You have the report; you have the facts which are reported upon; you assume the facts are correct, and then there is a finding that there is a combine. You go over the whole thing with a fine tooth comb to see whether you could win a prosecution before you launch one.

Mr. DIEFENBAKER: That is laudable, though the record has not been very good in the matter of wins in the courts after findings by the commissioner. I am not going to labour the point further, but I was most impressed with the statement by the minister that one reason for the publication was the creation of public opinion, which in turn would cause public officials to act.

Mr. McCULLOUGH (Assiniboia): I should like to say a few words on this item. Following the ruling of the Chairman, I shall not mention the optical case, which I understand is *sub judice* at the present time. However, from the statement of the minister I would say that, as the Combines Investigation Act is operating at present, it does not do what it was primarily set up to do; that is, it does not protect the people of this dominion against undue costs.

I believe a number of items could be mentioned which might very well be brought to the attention of the commissioner for consideration. One example is the dental case, in which I understand there is an appeal. Another example is the optical case. I say these are proof that the public are not protected under the act as it is constituted at present. Then, since the government has taken off price controls, we have had unreasonable increases in the cost of various commodities. As an example I could mention fertilizer, where we have a virtual monopoly, and where only last spring the government saw fit to force those who produce and distribute fertilizer to set their prices back somewhat.

The minister said it was very difficult under the act to find out all the ramifications in connection with these various matters. I admit that. He also said it was not a case of straight theft. I agree with that also, but certainly it is nothing short of legalized robbery. We in this group have tried to present cases to prove to the government that price control should have been retained in order to protect the people from these drastic increases in cost. I understand that the growth of monopolies in this country is nothing more than a stage of capitalism, and I am convinced that, under present conditions, we cannot stop that growth, that the Combines Investigation Act will never suffice to protect the people against unfair costs. I intend to have more to say when the act itself is up for revision.

Mr. FULTON: I should like again to raise the question I brought up on two earlier occasions this session. I mentioned it first when an amendment to the Canada Evidence Act was before the house and again when the estimates of the Post Office Department were being considered. I refer to the question of the prevention of circulation of certain pulp magazines which come under the general description of crime comics.

I wrote the minister in this connection on June 2, and it may be that he has not yet had time to consider my representations and to give a reply. I enclosed in my letter a sample of the type of magazine to which I was referring. Then, too, I have a question on the order paper to which the minister may not yet have had time to reply, in which I ask the following:

> How many offences under the criminal code, which might be classed as crimes of violence, have been committed by offenders eighteen years of age and under in each of the years, 1945, 1946, 1947 and 1948 to date?

This question was brought to my attention by way of a letter from the parent-teachers' association—

Mr. ILSLEY: Mr. Chairman, is my hon. friend going to mention crime comics on every item? We are discussing the Combines Investigation Act.

Mr. FULTON: I understood that we had passed the first part of it.

Mr. ILSLEY: No. We are discussing the Combines Investigation Act item. It may be that there will be some item under which the hon. member can ask his question.

Mr. FULTON: I was under the impression we were discussing the general item.

Item agreed to.

ROYAL CANADIAN MOUNTED POLICE

419. General administration, $276,326.

Mr. DIEFENBAKER: Mr. Chairman, the recent increase in salaries has been very much appreciated by the force as a whole, and was a step in the right direction. At the present moment I am not going to advocate any further increases, although I believe that at a very early day, certainly within the next few months, consideration will have to be given to further increases in certain specific ranks within the R.C.M.P.

I have a number of questions to ask in this connection. I would ask, first, the degree to which the mounted police is being maintained at strength. During the war their work on behalf of the war effort was effective and magnificent. Since the war they have been engaged in the enforcement of law, in the enforcement of dominion statutes and they have also been used in various municipalities as a municipal force.

On the last occasion the estimates were discussed I brought up the question as to whether sufficient recruits were being secured to meet the wastages apparent immediately following the war, when quite a large number of trained men ceased to serve at the conclusion of their period of service, and did not seek re-enlistment. The answer I then received was that sufficient men were available. Recently a campaign was started, and it still continues, to secure recruits, such applicants to be single, and between the ages of eighteen and thirty years. I should like to know the degree to which this campaign has been successful.

The second point I wish to raise has to do with investigation into the activities of communism in this country. On many occasions mention has been made of the report of the royal commission. In that report a significant finding was made, namely, that there exists in Canada a fifth column organized and directed by Russian agents in Canada and in Russia.

The second finding as it appears at page 685 of the report states:

Within the fifth column there are several spy rings.

[Mr. Ilsley.]

The next finding was:

We have been able to identify many of the members of one of these rings, namely, that of which Colonel Zabotin was the head in Canada. . . . Without documents such as Gouzenko placed before us we cannot identify any non-Russian members of the other rings.

What evidence is there or was there to support that finding? What evidence is there now that there exists in Canada a number of rings designed to undermine the state from within? That was a finding definite in its effect. The royal commission acted only in respect of one of these rings. I am asking the minister to let the Canadian people know what I asked him to let them know recently, at which time he replied that when the mounted police estimates came up the matter could be discussed. I am asking him to give to the people of this country some idea of the degree to which various organizations under Russian domination are in fact operating today in this country to the detriment of the country, and designed to sabotage our system and our form of government.

The finding is made by the commission. I ask the minister, without disclosing in detail matters which might be necessary to keep within the confines of the reports of the mounted police, the degree to which there was reason for this finding, and some indication of the amplitude of the government operating under communistic auspices.

Mr. ILSLEY: I do not think it would be in the public interest to discuss fully the knowledge the police have.

Mr. DIEFENBAKER: Just the general indications.

Mr. ILSLEY: I must say I have not that knowledge myself. I could not give it to the committee. I could get it, I presume, by going into the matter carefully with the police. But to talk about these rings, how far they have been pursued, where they are and what they are, would not be a proper thing to do.

Mr. DIEFENBAKER: I could not hear the last of what the minister said.

Mr. ILSLEY: I just said what I said at the outset, that it would be improper, I believe, for me to give information in the House of Commons of Canada to the public about police activities and the detecting of communistic activities, where it is going on, what is going on, who is doing it, and so on.

Mr. DIEFENBAKER: Oh, Mr. Chairman, no one ever suggested that, and I made that clear. A finding has been made by a commission that there are several spy rings operating

in this country, and I am asking the minister whether or not such spy rings are operating. I am not asking anything about the proceedings that are being taken by the R.C.M.P., but I want to know and I think the Canadian people have a right to know whether there is a spy ring or several spy rings operating here according to a finding made by a royal commission. I am not asking for any particulars of the investigation that may be going on. I had something to do with prosecutions in connection with this very matter long years ago, and I know something of the reports made by the mounted police and their activities. I think the Canadian people have a right to be apprised whether or not such rings in fact exist.

Mr. ILSLEY: If my hon. friend presses for an answer I shall have to give the matter careful consideration and leave it over until another time to see what I feel I can say. I certainly do not think I can or should say much about that matter.

Mr. PEARKES: Earlier in the session I asked the minister whether overseas service could be counted for pension purposes where a member of the force served in some branch of the service other than the No. 1 provost company and the marine and aviation sections of the force. The minister advised me that the question was receiving the consideration of his department. Could the minister give the committee the result of the deliberations of his department on this score?

Mr. ILSLEY: That matter was covered by the amendment to the Royal Canadian Mounted Police Act which was introduced earlier in the session. I do not know whether it goes as far as what my hon. friend has in mind, but if he has not familiarized himself with that amendment I think he should, because it is an extremely important one. That amendment provides:

> Time served on active service during the war that commenced in September, nineteen hundred and thirty-nine, may be included in the term of service of an officer for the purposes of pension under this part.

And also:

> Time served on active service during the war that commenced in September, nineteen hundred and thirty-nine, may be included in the term of service for the purpose of pension under this part.

Does my hon. friend have something different in mind?

Mr. PEARKES: That includes all men in all branches of the force who served in any service overseas?

Mr. ILSLEY: If they went into the force when they returned; it does not cover them if they are out.

Mr. DIEFENBAKER: The minister has not said anything about the degree of success there has been in the recruiting campaign.

Mr. ILSLEY: The estimates for 1947-48, the year just ended, provided for an establishment of 3,481 persons in the force; that is, in administration, land services, marine services and aviation, but not including any civilian establishment. The estimates for 1948-49 provide for an establishment of 3,329, or somewhat smaller. The breakdown is as follows:

Administration	63
Land services	3,015
Marine services	230
Aviation	21
	3,329

The actual strength on May 31, 1948, was as follows:

Administration	61
Land services	2,798
Marine services	216
Aviation	17
	3,092

This means that the force as a whole is 237 under strength, with the land services being 217 under strength. The recruiting was not proceeding satisfactorily, because it was difficult to get the right type of men, but recently it has improved to a marked extent and is proceeding satisfactorily at the present time.

Mr. DIEFENBAKER: A number of young men, well educated and physically fit, have communicated with me. At least two of them made application to the mounted police and were turned down. I should like to know the basis of the qualifications. I understand that within the last year the mounted police have again begun to train men for the musical ride. That is a fine thing. Now that the force has ceased to use horses, it has lost some of its traditional attraction, but bringing back the musical ride will regain some of the romantic past as well as carrying with it an incentive to many young men to join the force. Aside altogether from the physical, what are the educational requirements of a young man who comes within the age limits of eighteen and thirty years?

Mr. ILSLEY: As is shown by the figures, the standards are high. Since January 1, 1946, 12,200 have applied for admission to the force, of whom 803 have been engaged.

Mr. DIEFENBAKER: Can the minister give the engagements by provinces?

Mr. ILSLEY: I have not a succinct statement as to the standards, but there are physical and other standards which have to be met. Occasionally I have to write a letter, and I get information from the commissioner that a young man is immature in his outlook or something like that. The applicant must answer questions and his general type is taken into account. These standards are not tangible, because they include maturity of outlook and that sort of thing.

Engagements by provinces, for the regular force, are as follows from January 1, 1946: Prince Edward Island, 4; Nova Scotia, 38; New Brunswick, 30; Quebec, 50; Ontario, 228; Manitoba, 84; Saskatchewan, 101; Alberta, 136; British Columbia, 73; making a total of 744. In the marine section the engagements are as follows: Prince Edward Island, 1; Nova Scotia, 16; New Brunswick, 3; Quebec, 2; Ontario, 17; Manitoba, 1; Saskatchewan, 4; Alberta, 10; British Columbia, 5; making a total of 59. Those two together make up the 803 I mentioned. They were selected out of something over 12,000 applicants.

Mr. DIEFENBAKER: To what degree are veterans given an opportunity to join?

Mr. ILSLEY: They are given every opportunity.

Mr. DIEFENBAKER: Has the minister figures showing how many of that 803 are veterans?

Mr. ILSLEY: No. I should not think the preference would count for much in a situation like that where you are trying so hard to get men who are suitable.

Mr. TIMMINS: Is there at the present time an auxiliary force connected with the Royal Canadian Mounted Police consisting of civilians who have volunteered to do much the same sort of work they were doing in wartime, having regard to recent subversive activities? If such an auxiliary force is in existence, how many are there in that force, and do they receive any pay or allowances?

Mr. ILSLEY: There are auxiliary forces in Montreal, Winnipeg and Toronto, and they get the pay of the regular members of the force when they serve.

Mr. TIMMINS: What is the total strength of the auxiliary force? Are they issued with uniforms which they wear when serving? Do they drill or take part in any activities of a police nature?

Mr. ILSLEY: There are 326 in this R.C.M.P. reserve. They are issued uniforms and wear them when on duty.

[Mr. Diefenbaker.]

Mr. TIMMINS: Do they have to pay for the uniforms, or are they issued free by the R.C.M.P.?

Mr. ILSLEY: It is a free issue by the R.C.M.P.

Mr. TIMMINS: Last week there came into my hands a periodical sent out by someone connected with the R.C.M.P. It is a magazine issued to members of the R.C.M.P. and the auxiliary force, to which all members of the regular and auxiliary forces are expected to subscribe. A very poor plea was being made that this magazine was not getting along very well, that it was losing ground and needed more members. It seems to me that when we have a force like the R.C.M.P. it is a matter of concern to the public at large that such a publication should succeed and play some part in building up esprit de corps, particularly of the auxiliary force. Does the minister know of this publication and of the struggle it is apparently having to exist? Does he not think it is in the interests of the people of Canada that the publication should receive some assistance so that it shall not fall by the wayside but shall serve the purpose for which it was intended?

Mr. ILSLEY: This publication ran into a small deficit recently.

Mr. TIMMINS: The minister probably saw the letter that went out about it.

Mr. ILSLEY: No, I did not see it, but the commissioner informs me that the former practice is being reverted to, of making a charge for the magazine. It was being distributed free. The government makes a grant to it.

Mr. TIMMINS: I notice that the price charged was $1 per member, and that was not enough to keep the publication going.

Mr. ILSLEY: There was a government grant of $1,500, and nothing was charged for the magazine for a while. It ran into a deficit, not very large, but that situation is being corrected and the magazine will be on a satisfactory basis from now on.

Mr. MACDONNELL (Muskoka-Ontario): Is the magazine for the purpose of inducing enlistment or to inform members of the force of what is going on?

Mr. ILSLEY: It is instructional. They have these publications in the defence forces. They are supposed to be a good thing in maintaining morale.

Mr. WRIGHT: During the war, applications were made to the mounted police by

towns in western Canada to police their towns. I had one such case, and the reply was that the mounted police did not have the personnel necessary to give that service. Are they now in a position to give it and are they giving that type of service to different towns? How many towns in the west are being policed by the mounted police, and how many applications have been made in the past year? Are the mounted police now able to carry on this work as required by different towns in western Canada?

Mr. ILSLEY: Rightly or wrongly, I have taken the position that it is not the business of the R.C.M.P. to act as a reservoir for municipal police. The R.C.M.P. needs certain reserves; they have peaks of demand and so forth, and therefore it is desirable that the R.C.M.P. should do some municipal policing, but not all that is asked of them, because this policing is being supplied at about half its cost to the municipalities, and the R.C.M.P. should not be maintained as a sort of source of subsidized policing for municipalities. For that reason we have never felt that we were under an obligation to load up our force with policemen to be used by towns wherever they wanted them; but, as I say, some towns are being policed. That is desirable in the interests of the force itself because, while they are operating as municipal police, they are available in an emergency for federal service. But it is a federal force, and the policy should be based upon federal requirements, including the requirements of policing the provinces, which is done by agreement with the provinces.

Mr. WRIGHT: Just how does the minister decide which towns shall be policed and which not? Are there certain regulations that it must be towns of a certain size or something of that kind? What is the determining factor?

Mr. ILSLEY: Nothing over 5,000 population and under 1,000, and if we have not enough personnel we turn down new applicants. That is all.

Mr. FLEMING: One matter I should like to bring to the attention of the committee is the pay of tradesmen attached to the R.C.M.P., not in the force personnel, but the administrative branch. When certain increases for the civil service were being put through not long ago such increases as were allowed tradesmen attached to the R.C.M.P., were, by any modern standard, entirely inadequate. One such case was brought to my attention within the last day or two. This was a carpenter; the increase he received was twenty-five cents a day, and when it came into effect the result was that the carpenter was earning $28 a week. That, I submit, is, by any standard, entirely inadequate for an artisan, and that is not the sort of thing that reflects credit either on the government of Canada or on the Royal Canadian Mounted Police, of which the country is so justly proud. I urge the minister to take steps to review the wages and salaries paid to the tradesmen who are in the employ of the R.C.M.P., and to see that they are put on a basis of decency and adequacy.

Mr. ILSLEY: If we are going into the question of pay and allowances, the first thing my hon. friend ought to do is to look at the pay and allowances for the R.C.M.P., and to see what they get in addition to actual pay, before he forms a judgment as to whether they are adequately paid or not. There is hospitalization; there is medical attention, dental attention; there are pension privileges and so on. I feel myself that the pay is adequate. It may be that there is some ragged edge somewhere there. I do not think $28 begins to tell the story. There are all sorts of things, in addition to that, of which that man is in receipt.

Mr. MACDONNELL (Muskoka-Ontario): I understand something about the part played by tradesmen in military units. I am not clear as to the part they play in police affairs. Can the minister say a word about that?

Mr. ILSLEY: There is the maintenance of barracks, and some tradesmen are required.

Mr. FULTON: Have they farrier sergeants?

Mr. ILSLEY: Yes, farriers, not sergeants.

Item agreed to.

421. Marine services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses, $1,374,094.

Mr. PEARKES: Would the minister outline the duties of this section and say whether they have any responsibility in connection with rescue work?

Mr. ILSLEY: Their primary responsibility is the protection of revenue. That is the duty of the marine services of the Royal Canadian Mounted Police, but they have done a great deal in salvage and rescue work as well.

Mr. PEARKES: During the last twelve months we have had a tremendous number of accidents on the Pacific coast, in which vessels both large and small have been

wrecked and there has been loss of life. The suggestion has been made that a life-saving service might be established, but it was pointed out that the marine section of the Royal Canadian Mounted Police were available in part to assist in that service. What facilities have they? How many vessels are there on the Pacific coast, and what type of vessels are they?

Mr. ILSLEY: There are two patrol boats on the Pacific coast and a considerably larger number on the Atlantic. The protection of revenue does not seem to require quite as extensive facilities on the Pacific coast as on the Atlantic.

Mr. PEARKES: I am more concerned with the protection of lives than with the protection of revenue. I want to know how many vessels there are on the Pacific coast.

Mr. ILSLEY: Two.

Mr. PEARKES: What type of vessels are those? Are they capable of going into heavy seas?

Mr. ILSLEY: No. They are coastal patrol boats.

Mr. PEARKES: Purely for inside waters?

Mr. ILSLEY: Yes.

Mr. PEARKES: They cannot go up the west coast of Vancouver island?

Mr. ILSLEY: No.

Mr. PEARKES: I see there is a reduction in this item. In view of the loss of life and in view of the fact that it is recognized, as the minister indicated a few moments ago by nodding his head, that the R.C.M.P. marine section was prepared to assist in rescue work, I feel that, with only two vessels incapable of going out in rough weather or doing anything but coastal patrol in inside waters, there is not very much protection as far as rescue work on the Pacific coast is concerned.

Item agreed to.

422. Aviation services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses, $177,254.

Mr. FULTON: What aviation services have the R.C.M.P. and where are they used?

Mr. ILSLEY: Aeroplanes are used in the Northwest Territories, flying personnel in and out, and they are used to some extent for patrolling the boundary line for protection of revenue, and also patrolling the seaboard for the same purpose. There are five aircraft in operation. There is a trainer in addition.

[Mr. Pearkes.]

Mr. MACDONNELL (Muskoka-Ontario): Do they do rescue work?

Mr. ILSLEY: In the Northwest Territories, yes.

Mr. PEARKES: None available on the Pacific coast?

Mr. ILSLEY: No.

Item agreed to.

423. Grant to the chief constables' association of Canada, $500.

Mr. MacNICOL: I should like to say just one word on this. This is a grant of $500 to the chief constables' association. Some years ago I had considerable contact with the association, through the former chief of police of Toronto, General Draper, and from him I obtained much information regarding the splendid work done by the association. A few minutes ago, or perhaps an hour ago, I had to be out attending another committee, and a number of items passed through the committee about which I should have liked to make some inquiry. Perhaps the minister discussed them. If he did, it is all right. What progress is his department making in the reclamation of prisoners turned out by these penitentiaries?

Mr. KNOWLES: We have not yet reached that item.

Mr. ILSLEY: We are not yet on the penitentiary item. We are discussing the R.C.M.P.

Mr. MacNICOL: I thought that item had been passed.

Mr. ILSLEY: No.

Mr. MacNICOL: You have not come to that yet?

Mr. ILSLEY: No.

The DEPUTY CHAIRMAN: Item 424.

Mr. MacNICOL: No, Mr. Chairman. Does the minister wish to say a word with regard to the helpfulness of the chief constables' association to the department in the reclamation of prisoners? That is their special work.

Mr. McLURE: On vote 424—

Mr. MacNICOL: Item 424 is not yet passed.

Mr. ILSLEY: This is an old item that has been in year after year.

Mr. MacNICOL: I know it has been. I thought maybe the minister had some record of the helpfulness of the association to the department.

Mr. ILSLEY: This vote helps the chief constables to pay the expenses of their annual convention and to carry on their proceedings.

Mr. MacNICOL: Does the department not get from them a report of what they do?

Mr. ILSLEY: We get a copy of the report, yes. It is co-operation between the R.C.M.P. and the other police forces. This is a little grant that the dominion government gives them.

Mr. MacNICOL: I am sure that these chief constables would be of great benefit to the department in the administration of justice—

Mr. ILSLEY: The R.C.M.P., yes.

Mr. MacNICOL: —because they are trained in that respect. Nearly every city association has a committee which looks after assistance to and reclamation of prisoners released from penitentiaries.

Mr. ILSLEY: Yes.

Item agreed to.

Pensions and other benefits—

424. To compensate members of the Royal Canadian Mounted Police for injuries received in the performance of duty, $13,844.

Mr. McLURE: Is this an annual pension to those who are injured, or is it a lump sum paid for injuries that occur from year to year?

Mr. ILSLEY: This is made up of a number of pensions.

Mr. McLURE: Annual pensions?

Mr. ILSLEY: I have a long list of names of former members of the forces who are getting pensions for one thing and another, such as tuberculosis, loss of leg, injury to foot, injury to right arm, partial paralysis, loss of memory and so on. Those pensions granted to them under the provisions of the R.C.M.P. Act must be provided for every year, and this lump sum of money covers those pensions.

Mr. McLURE: The minister mentioned a man who lost an arm. What pension did that man get? I am referring to a case that I brought up two years ago. Has the minister one there from Prince Edward Island?

Mr. ILSLEY: I have not the addresses here. What is the name of the man?

Mr. McLURE: Seymour Farquharson.

Mr. ILSLEY: Yes, I have that name here: amputation of arm, $377.17.

Mr. McLURE: That pension was granted two years ago or increased to that amount. This young man, some forty-four years ago, lost his arm in the service and he was an excellent officer up to that time. Then he was discharged, sent home and had to eke out a living under a small pension that was paid to him, eventually amounting to about $23 a month. Two years ago, as a result of this matter being brought up before the committee and the department, this was increased, and I think it is now around $33 a month. This man has struggled for forty-five years to make a living. Now, when he has reached the age of about sixty-five or sixty-six, with this small pension, I think it is really a disgrace to the great R.C.M.P. that an officer who had the misfortune of losing an arm should be asked at that age to live on this pension of $375 a year. He has struggled hard all his life, trying to farm. That is about the only thing he knew when he came back. He raised a family. He is not now in a position to work hard at the age of sixty-five or sixty-six. I am certainly of the opinion that, when increases have been granted in connection with all pensions—and while this is not under the regular Pension Act, at the same time there is always a way by which this man could be properly compensated—he should not be getting any less than $50 to $60 a month. I should like to bring this matter to the attention of the minister, so that he can look into it and give the man a reasonable pension for the rest of his days.

The DEPUTY CHAIRMAN: Shall the item carry?

Mr. KNOWLES: No, Mr. Chairman—

Mr. McLURE: Wait a minute.

Mr. KNOWLES: Yes, I will.

Mr. ILSLEY: The Canadian pension commission fixes the amount of disability.

Mr. McLURE: A little louder, please.

Mr. ILSLEY: The Canadian pension commission fixes the degree or the amount of disability in this case and, I believe, the amount of pension. I will make inquiries, but I believe that, with the increase in the disability pensions that has been granted lately for members of the forces, persons here would have an opportunity of applying for increases. But I will look into that. I am not quite clear on it. It is not covered by this vote, which means that there would have to be some other provision.

Mr. McLURE: I would thank the minister, then, if he would look into the matter. I am sure from the human point of view he would judge that the compensation given for the loss of a right arm incurred years ago should be increased at the present time, with the cost of living so much higher.

Mr. KNOWLES: I wonder if the minister or the officials in front of him are sufficiently

familiar with the case of Doctor E. A. Braithwaite of Edmonton for me to ask a question or two and in particular for the minister to make a comment. As I assume the minister knows, from the way he nodded his head, Doctor Braithwaite is now eighty-six years of age. His connection with the mounted police extended over a good many years. I am told that his total service in the Northwest Mounted Police, the Royal Northwest Mounted Police, and the Royal Canadian Mounted Police amounted to forty-seven years and eight months, beginning away back in 1884. Of that period I understand that some twenty-eight years were spent in the ranks and as an honorary surgeon of the Royal Canadian Mounted Police.

The problem of Doctor Braithwaite is that of a pension. I understand that the matter has been taken up with the officers of the department a good many times by a good many friends who have been interested in this case. Doctor Braithwaite feels that he has claim to a pension; and many of those who know him and know of the long service he rendered to the force are surprised that he is not in receipt of a pension. However, I must be realistic in discussing this matter and admit that the minister has pointed out to me by letter that in his view Doctor Braithwaite does not have a legal claim to a pension. Nevertheless, I judge from a letter the minister wrote me on June 19, 1947, that the department has recognized a considerable moral claim on the part of Doctor Braithwaite, and considerable merit in the claim he has put forward. I base that statement on the fact that apparently the matter has gone to treasury board on at least one occasion, with the suggestion that a special vote by parliament might be asked, or even a special act passed.

If the Department of Justice has made a request of that kind to treasury board it would seem to indicate, I say, that there is merit in Doctor Braithwaite's claim for some kind of pension. In the letter to which I referred, the minister said treasury board had turned down this request, at least when it was made by one of his predecessors. I wonder whether a further request has been made to treasury board. If not, in view of the continued representations by Doctor Braithwaite and his friends, I wonder whether the minister would look into the matter further and see if something cannot be done for this man who gave so much service to the mounted police and who is now such an honoured elder citizen of the province of Alberta.

Mr. ILSLEY: Well, Mr. Chairman, this case has been up quite often. My hon. friend says there is a presumption that if a request was made it was justified. I do not know that there is any such presumption. The presumption might be that treasury board was right about it rather than the minister who made the request. I do not know; I do not think I have made a request since I have been in the department. There has been a difference of opinion in the service, perhaps, about this case; but one thing is sure, and that is that there is no legal claim to pension. I am informed that this gentleman was a part-time doctor for a long time; that he never contributed to any pension fund; that he is not pensionable, and that it is just a question whether it is desirable to vote him a pension. It is not a legal question at all.

Mr. KNOWLES: May I ask the minister whether he has looked into the case since he has taken over this department? I realize that he must have a great many matters to which he must attend personally; but the correspondence I have had concerning this case makes me feel that it would merit the personal attention of the minister. There does seem to be some dispute as to the kind of connection he had with the force. Certainly the doctor is of the opinion that he was in the force in every possible way. The minister tells me the doctor did not have a commission from the crown and therefore he does not have the kind of claim he puts forth. On the other hand, let me quote from the minister's letter to me, to which I have already referred:

> As Doctor Braithwaite was an honorary surgeon in the force, and still is, he was awarded the long service medal in 1928 in recognition of his long connection with the force.

The very fact that this matter has been considered to such an extent, and that a former minister of justice sent it to treasury board does, I submit, establish some presumption as to the moral and humanitarian claim, at any rate, of this old gentleman. So I hope the case may yet be given the kind of personal attention that seems to be necessary if anything is to be done for him.

Mr. CHURCH: As a former chairman of the Toronto police commission I have seen something of the good work done by the mounted police. They carried on through a long war, when they were enforcing tens of thousands of orders in council; and this is a very small amount of money to provide for those who have been injured while on duty. Following every war, as you know, there is a great deal of disorder throughout the country. As a result, these officers have to go out by night and by day and meet desperadoes and

all kinds of people on the street; and they may lose their lives. Here we are voting only $13,000 to compensate members of this force for injuries received in the discharge of their duties. That is a very small amount, and I can tell you that the sum required in our city, where there are over a thousand policemen, is much larger. I understand that provision is being made for the future in many cases by an insurance scheme which recently passed the house, but I urge that there should be increases, not only in this item but in those dealing with the pensions paid to the dependents of those members of the force who gave their lives in the discharge of their duty. Peace has its heroes as well as war, and we would not consider giving such a small pension as is provided in the next item to a soldier injured in battle.

I want to commend the minister for the improvement he has made in his department. He has been hard working, conscientious and moderate in what he asks; but I urge that there should be a better deal for all ranks of the mounted police. On many occasions they have come to the support of the civil authorities, and they are doing excellent work. If you want to get good men for the force from now on you will have to increase the provision to look after them when they are injured, and to look after their wives and children if they should be killed.

Mr. SMITH (Calgary West): I listened to the hon. member for Winnipeg North Centre speak of a very old friend of mine, Doctor Braithwaite. Perhaps I can agree with the hon. member, in the event we want to pension everybody, whether they contribute toward that pension or not. I know Doctor Braithwaite very well. He was with the mounted police, and now he is the chief coroner. I will go back a year; he may have died in the meantime. But up to a year ago he was chief coroner in the province of Alberta.

Mr. KNOWLES: He is definitely alive. I had a letter from him less than a week ago.

Mr. SMITH (Calgary West): Frankly, I think he is infinitely more alive than the hon. member for Winnipeg North Centre. But, still, that is merely my opinion.

Mr. KNOWLES: Probably right.

Mr. SMITH (Calgary West): It is neither here nor there.

Mr. HACKETT: That is a presumption.

Mr. SMITH (Calgary West): Let us not talk about presumption. I know the doctor very well, and he has not done badly. It is a very rude expression, I know, but a great many people in Canada who have been feeding out of the public trough have not done badly. And now we, great fellows, all say that they must have pensions.

I am one of those people who do not believe in that. Certainly, with respect to our ill, our incompetent and our crippled, I believe in that sort of thing. I do not know this, but I am inclined to think that if we do not give Doctor Braithwaite a pension under the mounted police estimates the dear old fellow will not suffer very much.

But I know the socialists! They think everybody should have a pension. As a matter of fact, I imagine tomorrow they will introduce into the house in some manner or another, under some subterfuge, a suggestion as to a pension for the two people who have been recently elected to parliament—and I congratulate them upon that.

Mr. KNOWLES: Thank you.

Mr. SMITH (Calgary West): And my guess is that tonight in Vancouver Centre they will have another fellow. And so they will have a special bill—

Mr. KNOWLES: He is leading at the half-way mark.

Mr. SMITH (Calgary West): You must be wrong about that. After all, I know something about time zones in this country.

Mr. KNOWLES: I was quoting a Canadian Press report.

Mr. SMITH (Calgary West): The Canadian Press says he is leading at the half-way mark? I will go farther with you: He will be elected. That is my judgment. I was there, you see. I do not think there is any doubt about it, that he will be elected in Vancouver Centre. And, having met the gentleman, when he comes here with you delightful gentlemen I say you have a problem on your hands; because he is a radical, to the extent of being a communist. So now, all that you have sown will be reaped within your own party. You will have difficulty with that young man.

Mr. MOORE: He will be a bigger problem to you fellows.

Mr. KNOWLES: On a point of order, I have absolutely no objection to the hon. member for Calgary West making his political remarks at the proper time. But I do object to this sort of thing being dragged in, in connection with the case of this old gentleman, Doctor Braithwaite. Surely it is clear that I am not appealing for votes in the city of Edmonton; there is no by-election on there, and Doctor Braithwaite is only one old gentleman, eight-six years of age. I have raised this

case with some reluctance. I have had some correspondence with him for several years, but until now I have not raised the matter on the floor of the house.

Mr. SMITH (Calgary West): I am surprised he ever wrote to you. But go on.

Mr. KNOWLES: Progress has been too slow. Hence I raised the matter tonight in all earnestness and in good faith, and I am sorry the hon. member for Calgary West has used the terms he has in connection with this case. He can say all these things about me or about the party any time he wishes, when we have a field day on that sort of thing. It is sheer nonsense, but we shall be glad to deal with it at the proper time. But we are now discussing an item respecting pensions for members of the mounted police force, and I suggest that the hon. member for Calgary West get back to that phase of the matter and give us a hand in this plea for Doctor Braithwaite.

Mr. SMITH (Calgary West): Mr. Chairman, on the point of order, let me agree with everything my very good friend has said. But he will probably remember that I was turned aside twice because of interruptions from persons who sit behind him. I agree that we should stay within the rails; and if he would but control his own irrepressible youth who are sitting behind him, then of course I would have stayed within the rails and gone along with the discussion as we have had it.

Now that he tells me that he is a great pal of my friend Doctor Braithwaite, who is eighty-six years of age, I am inclined to think he should be very proud that my very good friend Doctor Braithwaite wrote him a letter at all. That is the greatest compliment I can pay to the hon. member for Winnipeg North Centre, because, after all, the doctor is an old gentleman.

An hon. MEMBER: Hear, hear.

Mr. SMITH (Calgary West): I am certainly glad to hear that. I have been with him on many inquests. The doctor is not a lawyer. He has been our chief coroner; and if he could take care of some of the cadavers who are immediately to my left he could come to some excellent conclusions, which I think would do great credit to the doctor and to the Royal Canadian Mounted Police.

Mr. KNOWLES: Hear, hear.

Mr. SMITH (Calgary West): Have I apologized to you sufficiently?

Mr. KNOWLES: Quite.

Mr. SMITH (Calgary West): Then that is fine. I am so happy to have the hon.

[Mr. Knowles.]

member for Winnipeg North Centre agree with me; because, of all the people in the House of Commons, of all the members I have seen in the house in the short time I have been here, he is the most generous with other people's money. I am very fond of him. I like his wit. At times it is incisive and, at other times, it is difficult to find. And when I meet him in the corridor and he explains his smart remarks to me, dumb as I am, after plenty of explanation, I finally find out exactly what he means—or perhaps the word "exactly" is badly used. Perhaps I should say I get a glimmering of the idea he had in his head before he destroyed it by talking. So we are getting along beautifully.

Mr. KNOWLES: Beautifully!

Mr. SMITH (Calgary West): At the present time.

Mr. KNOWLES: And we are all enjoying it.

Mr. SMITH (Calgary West): "Enjoying it"?—that word "enjoying" is a wonderful word. I have enjoyed what has happened in the last few days. I enjoy punishment, if it is delicate; but I admit I am not very happy about it—about what has happened in the last few days. I will not say I enjoyed it, because I can see the future. I will admit I am not happy.

But may I congratulate my very good friend upon his being so happy because of joining with the communists. They are now the big shots in politics in this country.

Some hon. MEMBERS: Oh, oh.

Mr. SMITH (Calgary West): I am trying to—

Mr. PROBE: Very nicely put.

Mr. KNOWLES: But completely false.

Mr. GILLIS: As he knows.

Mr. SMITH (Calgary West): "Very nicely put"; "but completely false". The fellow who said, "as he knows" is, of course, just a partisan who will say anything. There is no truth in what he said. "Very nicely put"—I accept that. And somebody else says, "Completely false"—I do not mind that.

Mr. KNOWLES: You accept that, too.

Mr. SMITH (Calgary West): I do not mind anyone saying that what I have said is completely false. That is a matter of opinion, so I cannot object to the statement by the hon. member for Regina City. You see, he has not been there very long. I was born there, and I know all about that place. I know about the decent pioneers who made

that part of the country. So now we are in the position, because people have children—

Mr. PROBE: You are not the only pioneer there, either.

Mr. SMITH (Calgary West): No, I am not the only pioneer. My people came up in 1882, ahead of the railway, which got through in February of 1883. I was born only in 1886. The hon. member for Regina City is a great friend of my older brother and has been trying to beat him at golf for the last fifty years. He has failed in that as in anything else against the Smith family.

To come back to my very good friend, Doctor Braithwaite, I will not oppose any pension to Doctor Braithwaite whether he needs it or not. Is that a fair answer to what my hon. friend has said? The only reason he said this is to show how he is looking after our old people, but Doctor Braithwaite does not need looking after. But let me join my hon. friend in the broad position that we must look after our old people. I shall be delighted if Doctor Braithwaite gets $2.50, or $250, or $2,500. That would be nothing to the Minister of Reconstruction and Supply, as I remember so well.

An hon. MEMBER: And by-elections.

Mr. SMITH (Calgary West): I had forgotten about that election back there. I remember so well that in New York there was once a man named Gates. He was quite busy in the stock market, and in the early days when railroads were being built he became known as "Bet You A Million Gates." I have often wondered what dire circumstances would ensue if "Bet You A Million Gates" had ever met "What's a Million Howe."

Mr. LOW: I have been trying to brush up on the correspondence mentioned by the hon. member for Winnipeg North Centre, but I have not had time to digest all of it. I should like to repeat what has been so well said to the minister by the hon. member for Winnipeg North Centre. If there is any way by which this technicality could be overcome, I appeal to the minister to take the appropriate action.

This old gentleman has a long record of distinguished service, I believe going back as far as 1885. He is a friend of mine, because I worked with him in the government of Alberta for a number of years. A better chief coroner I have never seen anywhere. He used to tell me about his experiences while he was with the R.C.M.P. The minister has pointed out quite rightly that he was an honorary surgeon, but in whatever capacity he may have served, I am sure that he did it to the best of his ability, and his ability was great. If there is any way by which this technicality can be removed and Doctor Braithwaite given some consideration I would be happy to see it done.

Mr. GILLIS: Is it a matter of general policy of the department to grant pensions to the R.C.M.P.?

Mr. ILSLEY: We discussed a pension system in the bill which I had before the house earlier this session and which instituted a new pension system. There have been pension systems in the past, but this gentleman did not come under any of them. He has made no contribution. For a long period of time he was a part-time doctor—

Mr. LOW: An honorary surgeon.

Mr. ILSLEY: —with the R.C.M.P., and he continued to carry on his private practice. There was a time back in the days of the Riel rebellion when he was in the R.C.M.P. as a surgeon but not long enough to qualify for a pension.

Mr. GILLIS: I remember the contributory pensions provided for by the bill referred to by the minister. I was just wondering where all this reference to by-elections, communists and so forth came into the picture. I think we are wasting a lot of time. If a member of the R.C.M.P. served in the years before there was a pension scheme and did not have an opportunity of contributing, then I think there should be some administrative latitude to take care of extenuating circumstances. If a scheme had not been inaugurated at that time, that was not the fault of the service; it was the fault of those who administered the act.

This is not something peculiar to the R.C.M.P. We find it in many other industries across the country. Doctor Braithwaite was one of the pioneers in this service, and in our industrial set-up there are many old pioneers who are receiving no pensions and who are being relegated to the streets. They cannot come under the pension schemes that are being established.

The hon. member for Calgary West has assured us that this particular gentleman will suffer no hardship, but there may be other cases where hardships exist. I think, where anyone has made a contribution, as this gentleman has, to his country in the past and will in the future, the Department of Justice should be able to look after him in the event of circumstances arising over which he has no control and which cause extreme hardship.

Section agreed to.

DEPARTMENT OF JUSTICE

116. Departmental administration, $235,350.

Mr. ILSLEY: It occurred to me that some of the items might be non-controversial. Ordinarily the penitentiary item takes a long time, and I would prefer not to consider it tonight.

Mr. FULTON: I should like to say a few words about the question of crime comics. What I have to say will not take so very long, but I want to ask the minister a number of questions. If he prefers to leave this item until tomorrow it will be acceptable to me.

Mr. ILSLEY: If the questions are relevant to the item I think the hon. member had better ask them, so that I can read them in *Hansard* in the morning and perhaps be in a better position to answer.

Mr. FULTON: I brought this matter up under the general item, so that I might suggest to the minister certain measures to combat the increasing number of crimes by juveniles and to halt the increase of juvenile delinquency. Recently I have had brought to my attention a number of so-called crime comics which are widely circulated throughout Canada. This fact, coupled with the evidence of increasing juvenile delinquency, seems to me to demand that this House of Commons should request the minister to take certain steps to lessen the tendencies and to combat the causes. This is one of the active causes of juvenile delinquency. Unfortunately I have not yet got an answer to the question I put on the order paper asking how many offences under the criminal code, which might be classed as crimes of violence, have been committed by offenders eighteen years and under in each of the years 1946, 1947 and 1948. The minister will remember that quite a number of shocking crimes have been committed by juveniles in recent months. One of the most shocking was in Montreal recently, where a boy twelve years of age beat his mother to death with a baseball bat. He simply found her sleeping, lying there defenceless, picked up a bat and beat in her head for no apparent reason, except that, when being tried, he said he had seen that sort of thing in the comics.

This question has also been raised by the council of women who met recently in Ottawa. I have not seen all their resolutions, but I have been in discussion with some of the members of the council from my own part of the country and they said this question was vexing their minds to a great extent.

[Mr. Gillis.]

I have no official figures on the circulation of these magazines, but an estimate made by a responsible authority in Kamloops, a city of only 12,000 people, is that 15,000 of these magazines are sold on the newsstands there every month. They are sold as an article for profit. They are, I will not say attractively, but gaudily got up, so that they appeal to juveniles by their colours as they lie on the magazine racks. As if that were not bad enough, I have studied three of these magazines recently. I have one in my hand, "Green Hornet Fights Crime". Others I have seen, under a general title, which go on to say, "Crime Does Not Pay". That is the sort of cynical approach they make on the front cover. They are printed in Canada. The one I have in my hand is published bi-monthly in Toronto; Lou Ruby, publisher. It goes on to say "Second-class mailing rates approved by post office, Toronto. Any similarity between the characters contained in the comic section and any person either living or dead is coincidental. Printed in Canada by the Globe Printing Company, Toronto." This magazine sells on the newsstands for ten cents a copy.

I have spoken to people who have had experience in this type of thing and in dealing with juvenile delinquents in magistrates courts and so on, and they say that, without any doubt, this type of magazine is printed in a form which is calculated to make the maximum impression on juvenile minds. They portray crimes of violence, in pictures, with a few words as a caption which are easily understood.

I just want to give an example from the one I have in my hand. It starts off on the inside cover with the picture of a man striking a match and staring at it. The caption over the next picture is, "Tonight I dreamed of a blazing moon like a fiery wheel in the sky—burning trees were crashing about me," and the caption is illustrated. The next picture portrays him walking to a slum tenement, and he says, "I saw an old condemned building. Nobody would care if it burned down." The next picture shows this man holding a burning match, and the caption says, "Tonight I stole into the cellar of the condemned building and set my first fire." That is a fine thing to put before a youngster of twelve or so, who perhaps has just struck his first match.

Mr. ILSLEY: Oh, he would strike it before that.

Mr. FULTON: The minister says, "Oh". Is he shaking his head in disagreement? As I say, it is difficult to prove that these magazines do actually increase juvenile delinquency, but one can say at least that two coincidences

go together, that there is an increase in juvenile delinquency and an increase in the circulation of this type of magazine in Canada.

I want to suggest certain specific remedies which might be taken to prevent the circulation of this type of magazine. The first one is direct censorship. I know the answer to that may be that since this comes under the heading of property and civil rights, it falls under provincial jurisdiction, and I suppose that to some extent that argument must be conceded to be valid. But certainly, in so far as the federal Department of Justice has any jurisdiction, it can, I think, directly order that the publication of these magazines be banned in Canada and, is so far as it has federal jurisdiction, prosecute anyone who publishes such magazines. Questions of the freedom of the press do not, I think, enter, because freedom has never yet meant license, and this type of thing is not freedom but license. It is abusing liberty to make a profit practically out of the advocacy of crime.

The CHAIRMAN: It is eleven o'clock.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MacNICOL: What will be the business tomorrow?

Mr. CHEVRIER: The first item we shall take will be the committee stage of Bill No. 220, to amend the Loan Companies Act; second reading of Bill No. 339, to amend an act respecting the national battlefields. Then we shall move to go into supply, taking first the estimates of justice, then transport, trade and commerce and veterans affairs. Tomorrow we sit at eleven o'clock in the forenoon.

Mr. KNOWLES: May I ask the minister whether consideration has been given to proceeding soon with the resolution standing in the name of the Minister of Trade and Commerce, under government notices of motion, having to do with the international wheat agreement?

Mr. CHEVRIER: I shall be glad to bring that to the attention of the minister.

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

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

DEPARTMENT OF JUSTICE

125. Combines investigation branch, $151,683.

ROYAL CANADIAN MOUNTED POLICE

419. General administration, $276,326.

420. Land services arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses, $10,408,635.41.

421. Marine services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses, $1,374,094.

422. Aviation services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses, $177,254.

423. Grant to the Chief Constables Association of Canada, $500.

Pensions and other benefits—

424. To compensate members of the Royal Canadian Mounted Police for injuries received in the performance of duty, $13,844.

425. Pensions to families of members of the Mounted Police who have lost their lives while on duty:

Mrs. Mary Emma Bossange, $456.25
Mrs. Margaret Johnson Brooke, $821.25.
Mrs. Margaret Cox, $410.63.
Mrs. Victoria Desjardins, $411.
Mrs. Georgina Harrison, $676.50.
Mrs. Letitia Kennedy, $423.50.
Mrs. Nora Jean Massan, $300.
Mrs. Margaret Nicholson, $547.50.
Mrs. Catherine Mildred Ralls, $675.25.
Mrs. Vera M. Ryder, $47.42.
Mrs. Doris Freda Sampson, $816.
Mrs. Amy Lillian Searle, $406.98.
Mrs. Madelaine Mary Shoebotham, $810.
Mrs. Eunice Wainwright, $602.50.

426. Pension to Basil Burke Currie, $684.20.

427. Pension to Annie A. Greer, $253.61.

SECRETARY OF STATE

428. Departmental administration, $141,048.

HOUSE OF COMMONS

Wednesday, June 9, 1948

The house met at eleven o'clock.

BUSINESS OF THE HOUSE

ORDER OF BUSINESS TUESDAYS AND FRIDAYS FROM 8 TO 9 P.M.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I inserted in the Votes and Proceedings of yesterday the following motion which perhaps the house will wish to have put through immediately:

That, notwithstanding standing order 15 or any order passed by the house during the present session, on and after Friday, June 11, the order of business from 8 to 9 o'clock p.m. shall be the same on Tuesdays and Fridays as any other sitting day until the end of the session.

I understand the motion has been presented to the leaders of the different parties and that it is agreeable to all.

Motion agreed to.

UNITED NATIONS

TABLING OF REPORT "CANADA AT THE UNITED NATIONS, 1947"

Mr. W. E. HARRIS (Parliamentary Assistant to the Secretary of State for External Affairs): I desire to table a document known as "Canada at the United Nations, 1947," which is a report on the second session of the general assembly of the united nations held in New York, September 16 to November 29, 1947.

VETERANS AFFAIRS

CHANGE IN PERSONNEL OF SPECIAL COMMITTEE

Hon. LIONEL CHEVRIER (Minister of Transport) moved:

That the name of Mr. McKay be substituted for that of Mr. Wright, and that the name of Mr. Moore be substituted for that of Mr. Bentley, on the special committee on veterans affairs.

Motion agreed to.

CRIMINAL CODE

AMENDMENT RESPECTING APPEALS ON INDICTMENT AND SUMMARY CONVICTIONS

Mr. W. A. McMASTER (High Park) moved for leave to introduce Bill No. 342, to amend the criminal code.

Mr. ILSLEY: Explain.

Mr. McMASTER: This is a bill to amend the criminal code so that in certain cases an appeal may be taken to the Supreme Court of Canada.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

CRIMINAL CODE—CRIMES OF VIOLENCE—JUVENILES

Mr. FULTON:

How many offences under the criminal code, which might be classed as crimes of violence, have been committed by offenders eighteen years of age and under in each of the years 1945, 1946, 1947 and 1948 to date?

Mr. McILRAITH:

	1945	1946	1947
Offences against the person	477	489	Not final 439
Offences against property with violence	3,457	3,193	2,911
Total	3,934	3,682	3,350

1948—No reports to date.

Reports are for the year October 1 to September 30.

INDUSTRIAL RELATIONS BILL—INCLUSION OF DIETITIANS, ETC.

Mr. WINKLER:

Has the Department of Labour received a request from the Canadian Dietetic Association or any other group within the last month urging that dietitians or others should be included with other professional groups named in Bill 195 namely, medical, dental, architectural engineering, and legal professions?

Mr. COTE (Verdun): The Canadian Dietetic Association submitted a brief to this effect to the standing committee on industrial relations of this house to which the bill was referred for consideration and report. The Department of Labour received a copy of this brief.

QUESTION PASSED AS ORDER FOR RETURN

U.S. TOURISTS VISITING CANADA

Mr. FAIR:

1. How many American tourists visited Canada each year during the period 1935 to 1947, inclusive?

2. During the same period, what amount of money was spent each year in Canada by such tourists?

Mr. McILRAITH: Return tabled.

MOTIONS FOR PAPERS

SASKATCHEWAN RIVER IMPROVEMENTS

Mr. DIEFENBAKER:

For a copy of all letters and other communications that have passed, since January 1, 1947, between the dominion government and each of the provincial governments of Manitoba, Saskatchewan and Alberta relative to the construction of a dam on the South Saskatchewan river and/or the diversion and use of the waters of the South Saskatchewan river within the province of Saskatchewan for irrigation or other uses.

VERDIER V. HOLLER

Mr. LOW:

For a copy of all correspondence, telegrams, and documents exchanged between the Department of External Affairs or any officer of that department, and the Montreal law firm of Howard, Holden, Hutchinson, Cliff, Meredith and Collins, between April 1, 1945 and October 10, 1945, relative to the case of Verdier versus Holler.

SOURIS RIVER PROJECT

Mr. McCULLOUGH (Assiniboia):

For a copy of all correspondence, telegrams and documents exchanged between any federal department of government or official and the Saskatchewan government in regard to water conservation or irrigation development on the Souris river, commonly called the Souris river project.

FLOOD CONDITIONS

FRASER VALLEY—ARRANGEMENTS BETWEEN PROVINCIAL AND DOMINION GOVERNMENTS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should like to give the house the latest information as to the arrangements made between the government of British Columbia and our own government with respect to flood conditions in the Fraser valley.

Since his arrival in Ottawa, Hon. Byron I. Johnson, Premier of British Columbia, has been conferring with the Minister of Finance and other members of the government, as well as myself, regarding arrangements for co-operation between the two governments in meeting the appalling situation in the Fraser valley, which the government has recognized as a national disaster demanding action beyond the resources of the provincial government.

After consideration by the cabinet yesterday, the government agreed to accept financial liability for measures of relief and rehabilitation arising from the flooding of the Fraser valley, on the following basis:

1. The costs of temporary emergency relief to be divided equally between the two governments.

2. The costs of emergency measures already taken or being taken for protecting and strengthening the dikes and for their eventual reconstruction, and for the restoration of the protected lands by the pumping out of flood waters, to be met 75 per cent by the federal government and the remaining 25 per cent by the provincial government.

3. The costs of rehabilitating the areas affected by the floods to be settled by subsequent agreement between the two governments after receiving a report on the extent of damage from the Fraser Valley relief and rehabilitation commission.

In calculating the federal share of the cost of emergency relief and of protecting and restoring the dikes, it was understood that costs incurred by the federal authorities through the provision of services and supplies and as a result of the employment of the armed services would be taken into account.

Both governments have already directed their representatives, General Hoffmeister and Mr. Hamber, not to permit the working out of detailed arrangements to delay action urgently required to provide adequate emergency relief, or to maintain, to repair or to restore the dikes.

Mr. FULTON: Is the statement the Prime Minister has just read confined exclusively to the Fraser river valley, or will the same terms be extended to cover all areas throughout the province which are suffering damage from floods?

Mr. MACKENZIE KING: My statement relates to floods in the Fraser river valley only.

Mr. FULTON: Then are any discussions under way or were any discussions held with respect to damage occasioned in other areas?

Mr. MACKENZIE KING: Yes; other areas have been considered, and matters with respect to them are still open. This is a statement on the agreement at the moment between the two parties.

Hon. BROOKE CLAXTON (Minister of National Defence): I have received a report from Colonel Snow, commanding officer of the Vancouver area, who has been co-ordinating activities in connection with efforts to control the flood and provide relief in the Fraser valley. From this it appears that the situation is not yet out of the critical stage.

Within the next two days we should know whether conditions are definitely on the mend or are likely to be considerably worse.

In view of the fact that in the United States they have had much more experience in flood control, particularly in connection with the Mississippi system, the flood control committee in Vancouver, with the concurrence of Colonel Snow, suggested that it would be useful to have the advice of American experts on the situation. Accordingly, at the request of the Premier of British Columbia, I made arrangements under which Colonel L. H. Hewitt, of the United States army, and two civilian engineers, Mr. John Monarch and Mr. Raymond Bracelin, were flown to Vancouver and yesterday inspected the dikes at Chilliwack and Vedder canal. We are greatly indebted to them for this service. Colonel Snow reports: "A number of suggestions were offered but general comment was that men in charge of dike work knew their job." They are looking over the situation in other areas.

At the present time, in addition to the naval and air force personnel engaged, there are 1,225 active and 1,359 reserve force army personnel, with another 500 active force on the way from the prairie command. Some of the reserve force men have been at work night and day for more than two weeks. Hon. members will agree that this is a very real contribution to meet a national emergency. It also represents a considerable contribution on the part of employers who would like to see their men back. Our intention is to release reserve personnel just as soon as the situation is in hand. In the meantime, I appeal to their employers to see the job through, as the men themselves are doing.

A rumour has been brought to my attention that several federal government employees have been told that the time they are spending on relief work will count against their holidays. On the authority of the cabinet I can tell the house that this is not so. Another rumour has reached me that an employer has laid off men because they were out with the reserves working on relief. I do not believe this; but if it were true I would think public opinion would be a sufficient corrective. No man should lose either job or holidays because he has been helping to meet a national emergency.

Mr. REID: Following the statement by the Minister of National Defence, commending the military and naval personnel for what they have done, I think it only fair that a word should be said on behalf of the many thousands who volunteered when the call came, and who have been working night and day without hope of reward. I rise today to commend them for having done so.

HEALTH AND WELFARE

PRINCESS ELIZABETH HOSPITAL FOR AGED AND INFIRM, WINNIPEG

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): I should like to direct a question to the Minister of National Health and Welfare in connection with the construction of the Princess Elizabeth hospital for aged and infirm, in the city of Winnipeg. Have representations been received from that city for assistance on the basis of the recently announced health program? If so, is consideration being given this request?

Hon. PAUL MARTIN (Minister of National Health and Welfare): I did not receive any notice of this question. I am not able to say whether any such request has been received but I shall take the question as a notice.

LOAN COMPANIES ACT

AMENDMENTS WITH RESPECT TO DEFINITIONS, NUMBER OF DIRECTORS, ET CETERA

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance) moved that the house go into committee to consider Bill No. 220, to amend the Loan Companies Act.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

The CHAIRMAN: I might point out to the committee that this bill was referred to the standing committee on banking and commerce. That committee made certain amendments to the original bill, which I shall read as we come to them.

Sections 1 to 4 inclusive agreed to.

On section 5—Number of directors.

The CHAIRMAN: This section was amended in the banking and commerce committee to read:

Paragraphs (c) and (d) of subsection one of section fifteen of the said act are repealed and the following substituted therefor:

"(c) The requirements as to proxies, the record to be kept of them and the time, not exceeding ten days, within which proxies must be produced and recorded prior to a meeting in order to entitle the holder to vote thereon;

provided that an instrument of proxy shall not be valid unless executed within one year of the date of the meeting at which it is to be used."

Section as amended agreed to.

Section 6 agreed to.

On section 7—Executive committee.

The CHAIRMAN: A clause was added by the committee, to be known as 7A as follows:

7A. Subsections (1) and (2) of section twenty-two of the said act are repealed and the following substituted therefor:

"22. (1) The directors may by by-law provide for the appointment of a chairman of the board who shall preside at all meetings of the board of directors.

(2) If the chairman of the board is absent, the president, or in his absence, a vice-president, or in the absence of both the president and the vice-presidents, a chairman selected by the directors present shall preside at the meetings."

Amendment agreed to.

Section as amended agreed to.

Sections 8 to 24 inclusive agreed to.

Bill reported.

Mr. MAYHEW moved that the bill be read a third time.

Mr. CHURCH: Mr. Speaker, I should like to ask a question about section 6 of the bill.

Mr. MAYHEW: Section 6 was carried. I do not think we should revert to the sections at this time.

Mr. DEPUTY SPEAKER: The hon. member for Broadview is speaking on third reading. He can do that.

Mr. CHURCH: Does this bill amending the Loan Companies Act cover what were known as shark loan companies? Further, it seems to me that under section 6 these loan companies will be rich men's corporations. A shareholder must have stock to the value of $2,500. If he makes an assignment for the benefit of creditors he is disqualified. I should like to have my questions answered.

Mr. MAYHEW: To answer the hon. member's first question—

Mr. DEPUTY SPEAKER: I would point out that we are now on the motion for third reading. The hon. member for Broadview has spoken.

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, in answer to the first question let me say that this measure does not include the small loan companies. If the hon. member will refer to section 1(2)(i) he will find the expression, "exercising all the powers set forth."

[The Chairman.]

The word "all" is put in to include the loan companies but to exclude the small loan companies.

Mr. DEPUTY SPEAKER: The parliamentary assistant has moved that the bill be read a third time. Is it the pleasure of the house to adopt the motion?

Mr. FRASER: With amendments.

Mr. DEPUTY SPEAKER: May I point out that the bill was not amended in committee of the whole. It was amended in the committee on banking and commerce, and was accepted in committee of the whole in the form in which it was presented.

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

SUPPLY

Hon. ALPHONSE FOURNIER (Minister of Public Works) moved that the house go into committee of supply.

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

DEPARTMENT OF JUSTICE

116. Departmental administration, $235,350.

Mr. FULTON: Last night when the committee rose I was discussing the question of the suppression of crime comics. I had made a brief review of the situation, based upon certain information I had, and I was about to suggest to the minister certain specific measures he might take to limit, if not to eliminate, the circulation of these magazines.

I have since noticed an article in the Ottawa *Journal* of Tuesday, June 8, which discussed the effect of these crime comics upon juvenile minds. The article is a report by Fredric Wertham, M.D. in the *Saturday Review of Literature*. Doctor Wertham is senior psychiatrist at the New York City Department of Hospitals, and director of the Bellevue and Queens general mental hygiene clinics in New York, so that he is a well qualified observer, and his article leaves no doubt that these crime comics have the effect which I suggested last night. This article is so outstanding, so clear and so helpful that I believe the committee would be pleased if I were to read it into the record.

Mr. ILSLEY: Mr. Chairman, I do not mind the committee having all the information possible on this subject, but I submit that the discussion is out of order. We are on departmental administration, and if any legislation which occurs to any hon. member can be discussed on this item, the field is

unlimited. If my hon. friend will permit me to say so, my attention was called to the article last night by the hon. member for Stanstead, and the deputy minister of the department also called it to my attention this morning. I have not had an opportunity to read it.

Mr. HACKETT: We want to read it to you.

Mr. ILSLEY: Yes, but I think it is hardly appropriate on the item for departmental administration to read a newspaper article involving possible amendments to the criminal code. I have drafted an amendment to the criminal code on this subject. I shall lay it before council—if I ever get a chance to get to council—and I shall come back to the house when the criminal code is being discussed, or before, and state what the decision of the government is on this matter.

The hon. member for Kamloops sent me a shocking instance of the abuse of freedom of the press. I agree with him, that it is just that. I am afraid, however, it is nevertheless legal; it is not an offence to publish the kind of material which was published and which is being distributed in various parts of Canada.

I am told that formerly these crime comics came from the United States and that they were subject to some check by the Department of National Revenue. Now, however they are printed and distributed in Canada. I think the hon. member has made a case for careful consideration of this matter. As soon as it can be considered by council I will advise the house, probably by way of notice of an amendment to the criminal code. If we decide not to do it, or if we decide that it is the wrong thing to do, when the criminal code comes up I will announce my decision and my reasons for it. I want to assure the hon. gentleman that serious consideration is being given to the matter.

Mr. FULTON: I certainly appreciate the assurance given by the minister, and under the circumstances I shall not delay the committee by reading this article, especially as the minister says it has been directed to his attention.

I should like to conclude by referring to the third suggestion I was going to make as to how this matter might be dealt with. Last night I suggested that it might be dealt with, first, by direct censorship, and second, by banning this type of magazine from the mails; and my third suggestion is that the minister might give attention to amending the Juvenile Delinquents Act. He has referred to a contemplated amendment to the criminal code, but he might find that the one or other or both would furnish a useful means for getting at this situation. I would refer him to section 33 of the Juvenile Delinquents Act, which is chapter 46 of the statutes of 1929. This section reads:

> Any person, whether the parent or guardian of the child or not, who, knowingly or wilfully,
>
> (a) aids, causes, abets or connives at the commission by a child of a delinquency; or
>
> (b) does any act producing, promoting, or contributing to a child's being or becoming a juvenile delinquent or likely to make any child a juvenile delinquent;
>
> shall be liable on summary conviction—

I imagine the difficulty in bringing a prosecution under that section would arise from the fact that the crime or particular act which produces, promotes or contributes to a child being a juvenile delinquent is not specifically defined. If there were inserted in this clause, or in a separate clause, a provision to the effect that the publication or circulation of magazines or books devoted to the portrayal of crimes of violence by means of pictures or by words and pictures shall be deemed to be an act contributing to juvenile delinquency, it would be easier to secure convictions under this act, or indeed under the criminal code. It did occur to me that the Juvenile Delinquents Act might well contain such a provision.

In closing I should like to express, not only for myself, but for those who have brought the matter to my attention and for many others in the country, appreciation of the fact that the minister intends to study it and hopes to introduce legislation to enable prosecutions to be successfully launched against those who are contributing to juvenile delinquency by publishing and circulating these books for profit.

Mr. DIEFENBAKER: Mr. Chairman, what has just occurred indicates the contribution a private member of the opposition can make to the better government of this country. The hon. member for Kamloops brought this question before the house the other day and again last evening. The cogency of his arguments in bringing the matter to the attention of the house has resulted in the press taking it up and in public opinion causing the government to act where action was long overdue.

In view of the numerous amendments to the criminal code which have been brought before the house I should like to ask what, if anything, has been done during the past year toward mobilizing the support of the law schools, as well as of judges or magistrates who have retired, looking to a revision of the criminal code and bringing it up to date by removing obsolete sections and changing others

to conform to the penological, psychological and physiological advances which have been made.

This matter has been brought up before. On the last occasion either the minister or his predecessor said that it would be given immediate consideration. There has not been a revision of the criminal code since 1893. The result is that it is most difficult to reach a conclusion as to the applicability of many of its sections. A step has been taken in the right direction—I am not going to deal with this—so far as part XVI is concerned, and there is an effort in the amendments now introduced to bring some semblance of sanity and reasonableness to these sections. But many other sections require revision. The penalty sections should be changed in the light of present-day advances. The matter deserves serious consideration. Even though the minister is on the point of relinquishing the portfolio which he recently assumed, he could make a worthwhile contribution by laying the foundation for the setting up of a commission to revise the code as it is now constituted.

Mr. ILSLEY: The criminal code certainly needs revision. The commissioners on the uniformity of legislation have been working on it year after year. They advised me last August that they did not think they were the proper body to revise the criminal code. They are not remunerated for their work, and they do not have much time to devote to it. Certain provinces review certain parts of the code, and a great deal of work has been done. We have been rather hoping that a piecemeal revision of the code could be made by that method, and we have not completely given up the idea. The difficulty about revision is to get the proper persons to take charge of it, persons in whose judgment one has confidence and who are in every respect competent.

The amendments to the criminal code which I introduce year by year take an enormous amount of time. Decisions cannot be hastily made, because they involve balancing considerations. The amending bill this year is a long one. We adopted many of the recommendations of the commissioners on the uniformity of legislation; we rejected others, and we amended others. I suppose it would be an exaggeration to say that there is as much work on one of these criminal code amending bills as there is on the budget; but there is a great deal of work, days and days of it. It requires judgment which in the last analysis devolves on council. It comes to the minister, but the minister says, "I do not think we should do that; we should do something a little different." Finally it goes to council and we evolve a bill. If council approves I propose to introduce an amendment this year to provide for the revision of the statutes to be made by a commission, and that will include the criminal code. In the meantime we are making inquiries to see whether we can get together the type of organization we want for the amendment of the criminal code. The work has not ceased; it is being done all the time by the commissioners, and these important amendments which are being introduced year by year are continually cutting down the amount of work that is left.

There is a view that we should try to prevail upon the commissioners on uniformity of law to do the whole thing, part by part and section by section, but I do not think they are quite disposed to accept that view.

Mr. HACKETT: I have had occasion to refer more than once to the recodification of the criminal laws. It is a work which should be carried out. The Canadian Bar Association, which, as the house knows, works in close association with the commission on uniformity of laws, is of the view that piecemeal recodification cannot be final. A number of reforms and improvements have been brought in and grafted upon the criminal code, but a general revision is much needed. I do not think that that fact is in dispute. The task is a heavy one, and undoubtedly requires talent, knowledge, and perseverance of a high order. It has occurred to me that the commission on the uniformity of laws might, if requested by the minister, be able to render a substantial service. I am sure they could supply the minister with the names of a number of competent criminal lawyers who would be capable of doing the work very well. I understand, of course, that the government would not delegate to this body the privilege of naming a commission to review the criminal code, but I do believe that a discussion with the commission would yield a number of names from which a competent and aggressive commission might be chosen to revise the code.

I think one of the obstacles to a full revision is the fact that each year we do enact a few amendments that patch the roof and stop the leaks. It is because we deal with these emergency matters every twelve months that we put up with the general inadequacy of the code. I share the view of the hon. member for Lake Centre, and if the dire threat that is upon us is carried out and we are to lose the benefit of the wisdom and prodigious industry of the right hon. gentleman who presides over the ministry of justice, I do believe that if he were to set in motion within the next two or three weeks a movement which would bring about recodification, it would be one more thing for which he would be remembered and

for which the profession and the non-criminal element of Canada would be deeply grateful to him.

Mr. DIEFENBAKER: Mr. Chairman, with regard to the delays in the appointment of judges, I will mention one particular case—and I do not think the reason for the delay has been a shortage of Liberal lawyers. On the third of March I asked a question in the house about the vacancy in the district court in the judicial district of Prince Albert. I speak not as the representative of that constituency but as a member of the bar of that judicial district. This judicial district over the years has given one judge to the Supreme Court of Canada, in the person of Mr. Justice Lamont; has given to the diplomatic service two erstwhile judges, Chief Justice Turgeon, who now occupies the post of Canadian high commissioner in Ireland, and Mr. Justice Davis, who recently retired from the bench to enter the diplomatic service permanently and is now ambassador to China. That bar has turned out at least twelve superior court judges, besides some ten or twelve county court judges, in the last thirty-five years. Prince Albert was one of the first judicial districts established in Saskatchewan. Since January 1, 1947, we have had no judge for that judicial district. We have had the assistance of two acting judges, one from Humboldt and the other from Melfort. His Honour Judge Hanbidge, from Humboldt, has discharged most of the duties, and done it well. But, sir, the delay in making this appointment just cannot be brushed aside by the answer given by the minister on March 3, when he said:

> As the volume of judicial work in the Prince Albert district since the retirement of Judge Doak has been such that the judges from Humboldt and Melfort districts have been able to perform it in addition to the duties in their own districts, it has not so far been deemed necessary to appoint a successor.

That answer just is not fact; it does not answer the question at all. I shall not go into details unless the minister wants them. This judicial appointment should not be allowed to remain outstanding until a provincial election has been held. The appointment should be filled. Any number of possible Barkises are able and willing to accept the appointment. Why does that judicial district appointment remain in such a nebulous position, and why has it not been filled? It is a serious matter that this district, in which the volume of business is as great as in all but two or three of the other judicial districts in the province, should have to depend upon judges coming in from other judicial districts. If a judge is appointed or transferred to that district, we shall be perfectly happy. We have a right to the appointment of a judge instead of the delays such as we have experienced.

Mr. ILSLEY: This delay is not unusual. It occurs in provinces where there is a comfortable allotment of judges, as everyone knows there is in Saskatchewan. If this were in the province of Quebec, and we were dealing with superior court judges, we would be falling all over ourselves to make the appointment because of the greater rush of cases and the tremendous necessity of filling appointments promptly. There are some provinces in which that is not so, and Saskatchewan is one of them. I have never been told before that anyone is suffering as a result of judges from the outside coming into that district. I am not convinced at all that judicial business, or the interest of litigants, or the interests of the bar, have suffered.

Mr. DIEFENBAKER: If that is the attitude of the minister, so long as the people of Prince Albert understand it, it is all right with me.

Mr. ILSLEY: The people of Prince Albert are not being discriminated against. The same condition exists in various parts of Ontario, for the same reason. It often happens in the maritime provinces.

Mr. BROOKS: Hear, hear.

Mr. ILSLEY: But if there is a delay of years in filling a judicial appointment, for instance, that is when the need arises. When it comes to our attention that the business of litigants is not being transacted, we act immediately and responsibly to the requirements of the situation. My hon. friend has never said anything in this house to indicate that anyone is suffering as a result of this appointment waiting a while, as many appointments do, not only in Saskatchewan but in Ontario and in the maritime provinces, and I think in some other parts of Canada as well.

Mr. McIVOR: I should like to say a word in support of the splendid success of a judge at the head of the lakes who presides over the family juvenile court. If every city in Canada were taken care of in the same way that that judge takes care of the juveniles at the head of the lakes, the criminal code would soon become obsolete. Judge McKitterick, in addressing a group of young athletes, paid tribute to the men and women who control the athletic endeavours of the young people at the head of the lakes. During the winter there are twenty-four hockey rinks in operation in Fort William, and controlled and supervised playgrounds are in operation during

the summer. Judge McKitterick said that not one boy or girl was sent from the head of the lakes because of juvenile delinquency. The reason he gave was that the boys and girls were well taken care of. I pay my tribute to the judge, because he is one of the direct causes of this desirable condition; and it is the result also of the manner in which he takes care of the mothers and fathers. He tells them how they should take care of their children; train them up in the way they should go, and when they become men and women they will observe the law. I thought it would be a little encouragement to the Minister of Justice to know that in some parts of Canada we are not thinking in terms of observing the criminal code; we are thinking of the care of our boys and girls.

Mr. CHURCH: I do not come from Saskatchewan, and unlike some others, I do not intend to take any part in the affairs out there, and I know of no Toronto member who wants to. I want to bring three or four matters to the minister's attention. I shall just mention them without discussing them.

There has been a lot of trouble about what is and what is not a voluntary statement made by one in the custody of the police. It was referred to in the court of appeal for Ontario last year in connection with a Hamilton case. There should be some clarification of the law in that respect, to find out how far a police officer can go in examining a prisoner in his custody. For example, the other day the court of appeal dismissed the case of an Indian charged with murder because the Indian said he was talking in his sleep. Notwithstanding all that the chief justice said about it, how could it be a voluntary statement? Many people talk in their sleep. They are not conscious—or it is the operation of the subconscious; it was not voluntary. I cannot understand it.

The second thing is this. Parliament has no power to enforce its own laws across Canada. A couple of hundred thousand orders in council were passed during the two wars and the interval in between. Since confederation the enforcement of all federal laws that we pass, the statutes and the orders in council and their interpretation are left to the crown officers of the provinces. For this reason, every bill we pass has become a very heavy burden on the municipal police systems. In Australia a bonus and subvention are given to the large city of Sydney. When I looked it up some years ago it amounted to a subvention of $2,000,000. I believe the time has come when two things should be done. Either the federal government should enforce its own federal laws, or it should give some bonus, subvention or subsidy to the police system, as they are doing all over the dominion today in many other matters involving section 92 of the British North America Act. A cash subsidy was given at confederation for the definite and specific purpose of maintaining municipal institutions and justice in the provinces. A duplicate municipal system has been foisted on the country by section 92. I hope this matter will be considered by the government during the parliamentary recess.

Many young people are in trouble today. It follows every great war. We all know what the Addington administration said in 1801. That situation followed Pitt on down through to 1815, and it has followed every great war. It followed the Crimean war, the South African war and others. Many young people get into trouble, but they have no counsel. They roam all over the country looking for work, and my hon. friends capitalize on them later on. Steps should be taken for the improvement and betterment of the citizen. During the days of the depression a large number of high school students were roaming around looking for jobs, but no work was provided for them. The result was that they got into trouble. The police could not do anything about them, and some of them were committed to jail.

I should like to know how far policemen can go in these cases. I know of about seventy-eight policemen in the Court Street station in the business district south of Queen street in Toronto. A large number of them are returned soldiers. They are the finest possible type of officer. Of the 104 members of parliament who visited our city the other day, one or two commented on that fact. We should have clarification of the law regarding our police officers. I am only expressing my own personal opinion about it. In many of these cases the youth is not armed where he is trying to do something he should not do and all that kind of thing. Some of them are panhandlers. Others are down and out, and they flock to the city. Some of these are displaced persons who have been brought in for certain specific work; they roam back to the city, and the police have trouble with them.

I suggest to the minister that there should be some clarification of the law as to how far a police officer may go in firing first in the air, then along the ground. He may injure somebody who may have committed only a petty offence under the law. Clarification is in the interests of the police themselves, because some of them have been sued in the civil courts for such offences.

I will just mention two or three other matters. One is with regard to accidents on the roads and highways in Toronto and throughout Ontario; all over Canada I believe it is the same. At weekends some of the poorer people who own a truck take fifteen to twenty people, including children, out to the country. The roads are crowded. Right here in this city there was a week-end accident. Five people were injured, and nobody faced a charge. In our city a small truck with thirty-two people in it collided with another vehicle. What is the law in that matter? As far as I know, there is no law except the Highway Traffic Act. This is a dangerous situation. You see these trucks going along on weekends, when there are thousands of cars on the roads. I know of no law by which anyone could be charged.

Mr. HACKETT: Provincial regulations.

Mr. CHURCH: There should be some federal liability to cover it.

Another thing about which there has been considerable trouble is the overcrowding in streetcars. I brought this matter to the attention of the house about a year ago and made a suggestion to the minister. The present minister, from what I have seen of him, has been efficient and hard-working. I suggested that where there is overcrowding in streetcars, or disorder in the streetcar system, something should be done. I had a clause in my private bill to cover disorderly control. This is a matter which was referred to in another place by some of those who seldom if ever travel in the streetcars. There is a great deal of disorder on the streetcars all over the country. There should be some amendment of the law to deal with it. There is such a law on the steam railways; I do not see why it should not be applied to buses and streetcars as well. Another matter has to do with the banditry which is going on all over the country. There is no amendment to the code, so far as I can see, to deal with banditry, although there are sections of the code having to do with this offence. The law clerk has written me a letter about it. I do not think there is anything personal in it, and I shall quote a part of it, as follows:

> All the offences that bandits can commit are already provided for in the code. I have searched everywhere for a definition of "banditry" and do not think there is a special one which would apply, and, if we were to improvise one, we would be sure to come into conflict with existing provisions of the code.

That is right. I might point out that it is difficult to secure a conviction because there are loopholes in the other sections.

I know of no law which compels a woman to wear a hat in a court of law because she is a person. Some of them do not wear hats even in parliament. I know of no law by which a judge can say that a woman must wear a hat before she can become a witness. Some of the hats worn are small, and some of them are large. As I said to the minister one day, when I was calling his attention to the matter, some of the judges might want a long hat about the size of the paper carton in which molasses is put up in the cafeteria or in the parliamentary restaurant. The hon. member for Temiscouata said those hats would be too big for the honourable justice who requires the ladies to wear hats. There is no law in the matter.

The time has come when there should be abolition of imprisonment for debt; this was covered in my criminal code bill of last night. The minister referred to it last night in connection with Bill No. 207, when for the first time second reading was moved. That is the first opportunity we have had to consider it, and this is the 102nd day of this session. We have never had five minutes' time in this house to discuss the matter. We talk about the rise and fall of stocks, the rise and fall of wheat, and all those material things, but we have never had five minutes' time to devote to one of the main issues here—motorcar and other deaths. Eighteen people were injured or killed on May 24 on the roads of our country. The highways are not safe, owing to the way people travel on them. Men and women have been murdered in cold blood by hit-and-run drivers. We have not investigated the deaths at level crossings, the deaths of children who have been burned in their homes, and all these other matters, including the problem of babies born in prison. In England there is a law with respect to that particular matter. I understand that at the great battle of Queenston Heights only eighteen lives were lost on our side. That many people are killed in a week-end right here in the two central provinces, and the rest of Canada is not much better. I suggest that more time be given to discussion of these important subjects.

In England there is a law with regard to babies born in prison. Some people have fines imposed on them with no time to pay them. Many people are committed to jail who cannot pay their fine. Some of these are women. With regard to babies born in prison, I suggest that it is against the public interest to give a pregnant woman a term of imprisonment. I understand that, under the present minister, these women are moved to some other place. I am hoping that we may have some law to deal with the matter so that

a stigma will not be attached to an infant who has done no wrong. I believe some survey should be made throughout the country with a view to making it impossible for a condition, such as that to which I have referred, to be continued.

I should like to see the state do something further. The state is responsible for young people who leave jail. They have no chance. The hon. member for Spadina is not here this morning but his partner Mr. Borins, K.C., was assistant crown attorney in the city of Toronto for some years, and he was a good one. He knows the facts. He gave an interview to the press which appears under the heading "Young man leaving jail hasn't a chance—Borins". The article reads:

> Norman Borins, Toronto's 38-year-old assistant crown attorney, who prosecuted nearly half of all Ontario's criminal cases during the past eleven years and who has retired to enter private practice, yesterday expressed alarm over the fate of youthful offenders against the law in this province.
>
> Pointing out that 75 per cent of all crimes are committed by youths between 18 and 25, the attorney, who looks nothing like the Hollywood conception of a hard-driving prosecutor, said emphatically that the provincial system of dealing with young offenders is all wrong.

Then the report goes on to say:.

> "As a prosecutor, it was not my place to advise the courts as to the treatment of convicted men and women," said Mr. Borins, "but I always did what I could out of court to help young offenders and never put barriers in the way of pleas for consideration made by their lawyers."

Little or nothing is being done in this matter. Just the other day the Toronto Synod of the Church of England was complaining about the same thing. The diocesan council for social service built, at their own expense, a hostel to rehabilitate these young offenders. The Church of England have a hostel for young women in trouble, and they intend to do the same thing for boy offenders, at their own expense. When a great many of these young offenders who get into trouble are in the downtown district, it would help to keep some of them under control and assist them to get on their feet again. Nothing has been done about it, though, by the state.

There was a case in Toronto the other day, in the riding of the hon. member for Danforth, which in the newspapers has been called the battle of the trolley. Citizens who came to the aid of a constable were abused. The constable's uniform was badly torn, and he was assaulted. That is not the sort of thing we should permit on our street cars, yet it is comparatively common in most of the cities of this country. There is a law about it in respect to railways. The present minister I think did have some provision passed in that regard, but those in another place did not sanction it.

I do believe something will have to be done during the recess of parliament to speed up implementation of the report of Mr. Justice Archambault in regard to prison reform. The minister has done something; but as the Ottawa *Citizen* said in a long article the other day, the pace of prison reform is very slow. I believe there should be a real housecleaning, because conditions have not improved. I know about some of these prisons. In my own constituency we have the Toronto jail, which was built at about the time of confederation. Years ago the late Doctor Hastings, the health officer, and I, visited the jail and found it to be unfit for human habitation and against all known laws of public hygiene; yet today it is still used to house prisoners, many of whom have to sleep on the floors at night because of overcrowding. I compliment the minister on having made a start at prison reform, yet we are far behind the mother country in constitutional reform, parliamentary reform, cabinet reform and most of all law reform. So I believe we have reached the stage when more time should be devoted to these matters. Under our present control system many people are going to jail because they do not have the money to pay the huge, savage fines imposed in our police courts. I have objected to that, and I object to it again today. Just the other day a poor woman was sent to jail for some minor breach of the income tax law. She did not file a return, through a misinterpretation of the law. As a result she had to go to Toronto jail, where there is no room for her, or to Mercer reformatory, an institution which should have been burned down long ago. I can tell you that in England they have closed half their prisons through real law and prison reform. They have done this by means of what is called the summary offenders act, under which a person is given time in which to pay his fine. He may have to spend an hour or so in a central office down town or in a police station, but he is allowed out on bail before five o'clock on the same day, and is given time to pay his fine.

My hon. friends to the left have been adopting this policy, I understand, just as they have conscripted the policies of our party during the last five or six years, as well as some of the policies of the Liberal party. Let me tell you that if I have my way there will be no union government in Canada. We had one experience of that kind in this country, and even today they

have coalition governments in British Columbia and in Manitoba. The only alternative to such a government seems to be the party to my left. I say to hon. gentlemen of the C.C.F.: you have adopted the policy of bonuses, subventions and subsidies; it is a Conservative doctrine. Hon. members may smile, but they need not worry; I am not going to Saskatchewan, nor do I know of anyone else who is going there to take part in the local election. On the contrary I invite them to come to my riding or city at any time; we are always glad to see them.

I agree with hon. gentlemen to my left to this extent, however; that it is the duty of the state to take care of the matters I have mentioned, including the granting of time in which to pay fines, looking after those who come out of our prisons when their time is up, and all that sort of thing. That is a form of Christian socialism, and I am a Christian socialist just as well as hon. gentlemen to the left. I compliment them on what they are ready to do.

I believe the day is coming when we should devote some time to these questions. Now we do not have an hour to spend on them. I do not blame the minister, because he has been very hard-working. I have had a great deal to do with him and a great deal of correspondence with his department, and we heard his speech last evening in which he said the department was considering many of these matters. I do urge that more time should be devoted not only to the questions I have raised this morning, but to motorcar accidents, level crossings, fires, drownings, floods and all other things that contribute to the loss of life. By doing so we will be following a form of Christian socialism in this country, as they have been in England.

Mr. BROOKS: I wish to say just a few words on the matter brought up by the hon. member for Lake Centre—the delay in the appointment of judges. The minister stated that at various times in the maritime provinces there had been some delay, and we all know that is quite true. We have suffered not only through delay in the appointment of judges in our province, but some judges have been ill for long periods of time, and as a result I think the work of the judiciary has suffered. The chief justice of New Brunswick died over two years ago, and another vacancy was caused by the death of Mr. Justice Fairweather. While the minister says he does not think law enforcement has suffered, I do not believe that is the opinion of the bar in general.

I should like to ask the minister when the vacancies in New Brunswick will be filled. The position of chief justice was filled a short time ago by the appointment of one of the sitting judges, Mr. Justice Richards. I want to compliment the minister on this appointment, which was completely non-political, since at one time Mr. Justice Richards was Conservative premier of New Brunswick. He has been on the bench of that province for the past thirteen or fourteen years, and has had wonderful success as a judge. I believe his appointment as chief justice has been received with very general favour in our province. There was some feeling, perhaps, that his appointment might have been made to prove the truth of a statement made by Mr. McNair, Premier of New Brunswick, that he personally would not accept the appointment as chief justice. However, the people of that province know that while the position of chief justice has been filled there are two more appointments to be made to the bench, and there is a feeling that while Mr. McNair was not appointed to this position he may still accept an appointment to fill one of the remaining vacancies. As I say, I wish to compliment the minister on the appointment of Mr. Justice Richards as chief justice, though I believe Mr. Justice Harrison could have filled the position equally well.

This idea of non-political appointments is very wise, particularly in some provinces. I do not say this to discredit the bar of New Brunswick, but I feel that political appointments in that province have been pretty well exhausted, as far as government appointments could be made. I suggest to the minister that in filling these vacancies he continue the policy of making non-political appointments. Appoint the best men you can get. There are splendid lawyers on the Conservative side in that province, and I know the minister would do great credit to himself and to the bar of our province if he forgot about politics in making future appointments, as he did in filling the position of chief justice, and that it would be better for the bar in general.

My object in rising was to ask the minister when he intends to fill these vacancies in New Brunswick. I do not think he can use as an excuse for not filling them the suggestion that they are not needed.

Mr. ILSLEY: I have a feeling it is quite unusual for a Minister of Justice to say when he intends to make recommendations for the appointment of judges. I should not like to create a precedent by doing so in this instance. The situation is constantly under review, and a recommendation will be made in due course and in accordance with the facts of the situation.

I thank my hon. friend for his kind words respecting the promotion of Mr. Justice Richards. I thought when he was saying that there were good lawyers on the opposition side he was going to say, "on the opposition benches"; but he did not go that far.

Mr. BROOKS: No, I would not go that far.

Mr. GILLIS: May I say first I am sorry this will be the last time the present Minister of Justice will pilot these estimates through the house. As a Nova Scotia man I was happy that we had in the house at least one sound and sensible person from Nova Scotia.

Mr. MACDONNELL (Muskoka-Ontario): That is a bit hard on the rest of you.

Mr. GILLIS: I was referring to the government side, of course. I am sorry the minister has decided to leave us, because he will be greatly missed, particularly in the field in which he is now engaged. Because I view the Department of Justice as the one department which could do a great deal to civilize this country. I say that advisedly.

Mr. MACDONNELL (Muskoka-Ontario): Even Nova Scotia?

Mr. GILLIS: More particularly Ontario, from the standpoint of justice.

I have checked over the details of estimates, and I have only this to say, I have listened to hon. members talk about reforms in the administration of justice, but in my opinion they are talking from the wrong end. Reforms do not come from the top; they must come from the bottom. From the point of view of personnel, administrative staffs, salaries, and the like, I believe the jurisdiction of the Department of Justice in the administration of justice in Canada is sufficient. In my view, if there is to be any reform in this regard, we must start in the magistrates' courts. My experience has been that across this country in most provinces—

Mr. HACKETT: They are not paid by the dominion.

Mr. GILLIS: All right; they should be. If you are going to talk about reforms you will have to get sane and sensible persons into the courts of first instance. No self-respecting lawyer in this country today wishes to hold the post of a local magistrate. The result is that, by and large, you have administering the courts of first instance local civic politicians with practically no training in law, and in many cases very little judgment. When juvenile delinquents and young offenders are taken before these local magistrates they are up against men who not only are lacking in knowledge of law but subject to civic pressure, small-town politics in most cases, pressure from all directions, and the pulling of strings.

In many cases young offenders who have been sent to the penitentiaries for a year or fifteen months have been made criminals in the first instance because a local magistrate lacked judgment and discernment in handling the case. The young man comes out of penitentiary stigmatized as a criminal, when perhaps he should not have been sent to a penitentiary at all. He comes out with a grudge against society, believing that he got a raw deal. And there is no doubt in my mind that many of them did get raw deals; their cases were not properly handled.

If there is a desire to reform the penitentiaries or to spend more money in the Department of Justice, I suggest that the department will have to make some arrangements with the provinces by which qualified persons, with knowledge of the law—they should be required to pass examinations in respect of their judgment in handling the cases coming before them —shall be appointed. Anyone wishing a position as a civil servant, a grade II stenographer or a filing clerk—anyone who wishes to hold even the lowest position in the civil service, must write an examination, pass aptitude tests, and so on. If we insisted upon that same procedure for the filling of positions in the lower courts, where the basis is laid for whatever may happen in the higher courts, and insisted that the man before whom offenders must first appear is properly qualified, we would be taking a proper step.

The man in the lower court should be obliged to pass an examination. We should see that he has a knowledge of law—because evidence in murder cases is heard first before local magistrates. In many instances the evidence is written in longhand by the magistrate himself.

Mr. HACKETT: I think that is not quite accurate.

Mr. GILLIS: I have sat in courts in Ontario and tried to read the handwriting of some of your local magistrates. I admit I am not a very good writer, but the worst writing I have ever seen was certain evidence that the magistrate scratched out himself. That is true in many cases across this country.

Mr. TIMMINS: The magistrate does not try a murder case. You know better than that.

Mr. GILLIS: Does he not? Go into some of the courts across this country and find that out.

Mr. MACDONNELL (Muskoka-Ontario): You were talking about murder.

Mr. GILLIS: Yes.

Mr. TIMMINS: Get back into your own field.

Mr. GILLIS: I am not trying to cover anything up. The trouble with the administration of justice in this country is that there is too much manipulation.

Some hon. MEMBERS: No, no.

Mr. GILLIS: Oh, yes; there is. There is too much manipulation.

Mr. FULTON: What do you mean?

Mr. GILLIS: There is too much covering up. Law is made too mysterious. There is not enough honesty in it.

Some hon. MEMBERS: No, no.

Mr. GILLIS: You can "no" as much as you like. When I hear an hon. member, particularly a member of the legal profession, say that everyone has his day in court in this country and that there is equal justice for all, I make this statement, without reservation: you are pretty much in the same position when you face the courts of this country as you are when you go out seeking medical attention. You will get as much as you are able to pay for.

Some hon. MEMBERS: Oh, oh.

Mr. LESAGE: That is false.

Mr. GILLIS: Is it?

Mr. LESAGE: That is communism.

Mr. GILLIS: I ask you if you work for nothing. How many of you fellows rush into court and for humanitarian purposes defend young fellows who are dragged into court? I know of many cases where young fellows were taken in and sentenced in the courts without having counsel.

An hon. MEMBER: The exception.

Mr. GILLIS: No, it is not the exception. It comes back to this business of the appointment of local magistrates. It happened right here, and in this province, with young ex-service offenders during the war.

If we are going to start to reform the administration of justice, and if we are going to do something about our penal institutions, then we have to keep young people out of these institutions in the first place, and not throw them in indiscriminately for minor infractions of the law, stigmatize them and bring them out as enemies of justice, because then it is almost impossible to do anything with them.

I know many young fellows to whom that happened. I know that under the present set-up the administration of law in the field about which I am speaking is in the hands of the provinces. If we are going to spend more money, if we are going to try to get equality before the law, a thing that we preach and a thing that most of us believe in, that is one thing; but if you come from the other side of the tracks and have occasion to run into these things you will find that the shoe is on the other foot. Do not make any mistake about it.

The appointment of more judges and the increasing of judges' salaries and all that kind of stuff is fine if proper conditions prevail all through the judicial field. I think the part of it that is administered by the present Minister of Justice is fairly and reasonably done. The field that lacks attention completely is the one I am talking about, the local magistrate's courts. The present minister or the Department of Justice should have a conference with the provinces with a view to arriving at some uniformity, and at least to see that trained personnel are in these posts and that once they are appointed they are free from local civic pressures. They should be qualified for the jobs that they are sent in to do.

I want to emphasize that point again. Anyone in this country who wants a job with the government must write an examination. In a field where we are dealing with social and human problems we should see to it that the men are qualified and at least have fair judgment in the matters they are going to handle.

Mr. HACKETT: I want to say a few words about the subject which has engaged the attention of the committee for the last few moments. The hon. member for Cape Breton South would like to have all magistrates pass an examination before they exercise their functions. I think sometimes it might be well if a like rule were applied to members of parliament, because to my mind it is almost criminal that an hon. gentleman, holding the responsible office he does, should speak about something concerning which his ignorance is rivalled only by his bitterness.

Mr. GILLIS: On a point of order, I suggest that the hon. gentleman who has just accused a member of the house of ignorance has too much dignity to allow it to stand on the record. It should be withdrawn.

An hon. MEMBER: Is it true?

Mr. HACKETT: When the hon. gentleman levels a charge of dishonesty, a charge of greed, a charge of duplicity—

Mr. GILLIS: I rise to a point of order.

Mr. HACKETT: I am speaking to the point of order.

Mr. GILLIS: I am not allowing the hon. member to place any words in my mouth. I said nothing of the kind.

Mr. HACKETT: I am speaking to the point of order.

The DEPUTY CHAIRMAN: The hon. member for Stanstead is speaking to the point of order. I must ask the hon. member for Cape Breton South to resume his seat.

Mr. GILLIS: I thought he had the floor and was making a speech. He is putting words in my mouth.

Mr. HACKETT: I have said that when the hon. gentleman rose in his place and charged a profession with dishonesty, charged the magistracy of this country with ignorance—

Mr. GILLIS: Incompetency is the best word.

Mr. HACKETT: —with incompetency, if you will, he was making a statement about which the kindest thing to say is that he did not know what he was talking about. I did not wish to be dragged into a debate concerning which there can be no issue, simply because the hon. gentleman is not familiar with the conditions about which he has addressed the committee. There are many topics on which he has information, and I have always listened to him with interest when he spoke on those topics. I suggest to him that he remain within the zone in which he has information that is reliable.

I join with the hon. gentleman in hoping that magistrates will always be competent; but here we differ because I believe that most people holding judicial office in this country are not only learned, are not only honest, but are beyond reproach. Here and there may be a man who because of some weakness may not live up to the highest traditions of the bench. One out of the twelve failed, and I do not think the average of failure on the bench is nearly as high as it was in the tragic instance to which I have referred.

It is essential in a country like Canada, wherein the rule of law obtains, that the judiciary should be immaculate, unspotted, and unsuspected. I believe the judiciary of our country is that. I believe it is the strength of the judiciary that the people have in it a confidence that they could not have were there any serious departures from its high traditions. It may be that higher standards should be set, but I can speak for the province I know best and say I know that men of the highest integrity, men of unusual ability and learning occupy the posts of magistrates.

An hon. MEMBER: In Ontario too.

[Mr. Gillis.]

Mr. HACKETT: I am loath to think that in Nova Scotia as a general rule the magistracy is recruited from a lesser breed than in the other provinces.

Mr. GILLIS: There is no difference across the dominion.

Mr. HACKETT: If my hon. friend takes that attitude—I am speaking about the province of Quebec, and here I know whereof I speak—he is wrong; he is stating something about which he has no knowledge. He is stating a falsehood; he is stating something which if true would be a blemish upon the profession, upon the integrity of one of the great institutions of this country. When he makes that statement in this house he forfeits his right to be heard in an assembly in which honest and honourable men congregate.

I should like to say just one more word. When I attempted to ask a few questions, nothing was more remote from my mind than being drawn into a controversy which has to do with one of the great pillars, one of the great institutions upon which Christian civilization rests.

There is the church, there is the university, there is the law, there is the Christian family; and anybody who finds it in his heart willingly to malign or belittle any of them is not a good citizen. While criticism is the very source of our strength, and is necessary to correct evils, it must be criticism that rests on the bedrock of truth. Otherwise it belittles, it weakens, it discredits both him who utters it and the victim maligned.

The question I rose to ask, and the only question I want to ask, is this. What is the position in Quebec with regard to the superior court? The right hon. gentleman knows that there are arrears which in varying districts run from one to two years, that in consequence there is disorder and delay and people are denied the rights which a more expeditious administration would give them. Representations have been made to the right hon. gentleman by the members of different legal organizations. I know that the necessary provincial legislation has been passed. I am not certain whether it has yet been made effective; I am not clear on that point, but I dare say the minister is, and I would ask him to make a statement as to the administration of justice in the court of first instance in the province of Quebec.

Mr. ILSLEY: There is a notoriously large number of untried cases in the superior court district of Montreal, where some cases have not been reached although nearly two years have elapsed since they were inscribed. The

legislature of the province of Quebec passed a bill authorizing the creation of six additional superior court judges for the province. The bill was to come into effect by proclamation, the proclamation to authorize not necessarily the whole six but any number up to six. The Department of Justice has not been notified that that act has been proclaimed, and we are proceeding on the assumption that it has not been proclaimed. When it is proclaimed there will be these additional judgeships to which we shall have to give consideration. It will require federal legislation to authorize the necessary salaries and create the additional positions here. It was suggested to me that we should pass the legislation conditionally, since the situation is so acute; but my reply was that that would be a complete departure from the practice that had always prevailed, that the province must first make up its mind whether it wants additional judges or not, and having done so, the dominion parliament will deal with the situation. It would be impossible for us to enact legislation here except by delegating certain authority to the governor in council, which I think would be undesirable in the matter of the creation of judgeships.

Mr. HACKETT: So do I.

Mr. ILSLEY: I want to say just one word about the speech of the hon. member for Cape Breton South on the specific point of the quality of the magistrates in Nova Scotia. I was surprised to hear what he said, because I was strongly of the impression that the last attorney general, the present Mr. Justice MacQuarrie, made important improvements in the magistracy of Nova Scotia. I know that in my part of the province there is no complaint whatever. I am acquainted with the magistrate who does a large part of the work in the rural municipalities of the western part of the province. I know him intimately, and not a word of criticism could be uttered against him, on the point of capacity, competency, character, or in any other way, and I was really feeling well satisfied with the quality of the magistrates in Nova Scotia. I know little about those in other provinces, but naturally the Department of Justice is concerned in the matter particularly in view of the fact that the new part XVI of the criminal code imposes additional responsibilities of great importance on magistrates. What the hon. member for Cape Breton South says about having good magistrates is true but I do not think his criticism of the quality of the magistrates in Nova Scotia is valid. I do not think it is correct.

Mr. GILLIS: Perhaps I may be permitted to say this, Mr. Chairman. What I said to this house stands on the record, and if the hon. member for Stanstead will read it tomorrow he will find that his remarks today were completely off the point I was making. I did not criticize the judiciary. I said I thought it was adequate and that I thought the Department of Justice was doing a fair job in its field. But I did say that if reform of our laws was necessary the place to start was at the bottom, in the local magistrates' courts. I have discussed this matter with some pretty able lawyers who occupied the position of magistrate and resigned because they just could not take it. I discussed it with them, not just yesterday, but as far back as 1940. I was not talking out of turn this afternoon, but upon pretty good advice. I repeat, if we are going to reform, the place to start is at the bottom, and my plea was for qualified personnel in the lower courts where the basis is laid for whatever may happen afterwards.

Mr. DIEFENBAKER: I believe the hon. member for Cape Breton South went beyond what he really intended to say. I feel that when he cast aspersions on the profession of the law as a whole he was not speaking from knowledge; for I know of no reputable counsel in this country who denies to anyone accused of crime his defence, regardless of the question whether there is any fee. I know that some of us who are engaged in the law, particularly in the field of criminal defence, are sometimes disparagingly referred to as criminal lawyers; but, sir, if it were not for the lawyers who believe in justice to the individual and who undertake the defence of an individual accused of crime, injustice would often occur in this country.

Some who are lawyers for corporations speak of others engaged in the defence of the liberty of the subject as criminal lawyers. The reason that Britain is what she is today is that the Hastings, the Bennetts, the Norman Birketts, and all the great array of able British counsel, did not consider it beneath their dignity, in the interests of the clear and untrammelled administration of justice, to go into the courts of the land and appear for the defence. They go further—and this is a lead which might be followed by lawyers across this country. In Britain, counsel learned in the law, however great his capacity, however widespread his reputation, however great the fees he may ask where there is ability to pay, will deny no citizen a defence if called upon to accept a retainer. That is something that should be known in this country.

I hear the argument raised of class against class. I raise no defence *ad hoc* for the profession of law; for all through the years, from Shakespeare down, from the days of Jack Cade, it has been the popular thing to excoriate this profession. It needs no defence from outside, but sometimes I think it needs defence from the inside. Too many of our profession are prone to say of those who undertake—often without fee—the maintenance of freedom, the assurance of the rights of the individual, the protection of the weak against the strong, because these things take place in the criminal courts, that they do not occupy the same position as those who go into an office and take up an equally honourable branch of the law.

I repeat what I said a while ago: British law, British justice, British freedom, which we have in our country as a heritage, is more dependent than most of us believe upon the instrumentality of lawyers, who, regardless of fee but with an abiding sense of justice, have given the British and Canadian parliaments leadership through the law. These men have assured justice by what they have done. In saying that, sir, I want to point out one thing that I pointed out before. If we are to retain wholesome respect for the judiciary of our country we must maintain detachment on the part of our judiciary. It is for that reason that over and over again I have advocated in this house that we resolve now not to use judges on royal commissions where political and other such considerations enter; for in doing so we bring the judge from his elevated position of detachment down into the cockpit of party politics, where, regardless of the decision he makes, aspersions are cast on him in his position as commissioner, inevitably resulting in a disrespect for the judiciary as a whole.

The minister can do no better than to follow the course he pursued in New Brunswick in appointing as judge a person of another political faith. Too often and too long in this country one of the qualifications of a judge, aside from ability, is political competence. The United States has answered that by insuring that thirty per cent of the judges appointed be of the opposite political party. When one considers that over ninety per cent of the judges in this country have been appointed by the administration led by the present Prime Minister, I suggest that a move toward elevating the judiciary would be a declaration by the Attorney General and Minister of Justice of this country that from now on, within reasonable limitations, political qualifications shall take second place to ability, capacity, judgment and the possession of the faculties that result in a judiciary so necessary to the maintenance of our security and our freedom.

[Mr. Diefenbaker.]

Mr. HARRIS (Danforth): Before the item passes will the minister be kind enough to answer the question raised by the hon. member for Broadview, who for seven years was chairman of the Toronto police commission? The minister will recall that he was almost ready to answer when he was diverted in his trend of thought. The question of the hon. member for Broadview was whether the minister's department is continuing day by day and month by month to improve the criminal code in every possible way. I hope the minister will take cognizance of what the hon. member for Broadview said, because he was speaking from wealth of experience.

Mr. ILSLEY: Certainly I will take into consideration everything that the hon. member has said. Probably I should have risen at once and said so. I have the greatest respect for the suggestions he makes and for the interest he takes in these matters. It is a good thing that some hon. members do.

Mr. HARRIS (Danforth): The minister did not get an opportunity to answer.

Item agreed to.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

OFFICE OF THE COMMISSIONER OF PENITENTIARIES

127. Administration of the office of the commissioner of penitentiaries, including $25,000 for grants to recognized prisoners' aid societies, as may be approved by the governor in council, $193,711.

Mr. FLEMING: I am glad that this item gives the committee an opportunity to consider again the question of penal reform. I know that this subject is not a new one, and that it is considered annually, usually on this item in the estimates of the Minister of Justice. But no member of this committee need offer apologies for again raising his voice on the imperative necessity of giving due attention to the subject of penal reform in Canada.

One of the most hopeful things that has happened since last year's debate was the enlargement of the commission last August. The committee will recall that General Gibson, chief commissioner of penitentiaries, was appointed some two and a half years ago. On August 20 last the Minister of Justice announced the appointment of two deputy commissioners: Mr. Joseph McCulley, who for some years had been headmaster of Pickering Boys College and a leader in boys'

educational work in Canada, and Dr. Louis Philippe Gendreau, the chief psychiatrist at the Manitoba Mental Hospital.

When this item was under debate in the house on June 27, 1946, I uttered words of strong approval of the appointment of General Gibson as chief commissioner. I should like now to commend the appointment of the two deputy commissioners. It has been my good fortune to know Mr. McCulley personally for some years. We have had common interests in some aspects of boys' work. I regard his appointment as a most suitable one, for which the Minister of Justice should be highly commended. It is not my privilege to know Doctor Gendreau, personally, but from what I have heard about him I believe his appointment also was a most suitable one.

With a strong commission made up of these three eminent men, I think the public will have been led by this time to expect action in the field of penal reform. I urge upon the minister that he give to these three commissioners ample opportunity and a reasonably free hand to assume the task of penal reform. I hope he will give them every encouragement to take the Archambault report of 1938 and endeavour to make its recommendations a reality. Ten years have passed since this monumental report was written, with its eighty-eight recommendations, some of which have been carried into effect, but many of which have not. I conceive it to be the duty of parliament to continue to apply pressure to see that these salutary recommendations receive adequate consideration, and that they are given effect just as soon as possible.

In my humble opinion it would be a useful thing if we had a committee of this house which could hear the commissioners at first hand, receive a report of such progress as they have been able to make in the matter of penal reform, and discuss with them their plans for the future. There are grave limitations upon going into a matter of this kind in adequate detail in committee of the whole. We can address our remarks to the Chair and the minister can make his observations, but we do not have an opportunity of questioning the commissioners, who are dealing with the problem personally; or of discussing with them their plans for approaching the problem of reform. I am convinced that if this commission is given an opportunity, we shall see definite progress made in the direction of penal reform. At the same time I am conscious, as I think are all the members of the committee, of the need which still exists for it.

I am sure the committee is well acquainted with the unhappy results of several recent escapes from the penitentiary. I should like to mention two of them. One of them resulted in homicide, and one of the two persons who escaped was one of the four boys who had been involved in the homicide of a resident of my own constituency; the famous Tobias case. Speaking in this house on June 27, 1946, on the question of penal reform, I undertook to make some remarks upon that case—of course after it had been concluded. It happens that at that time those young men had been convicted of manslaughter and sentenced to penal terms by Mr. Justice Keiller Mackay, the trial judge. One of these young men was involved in the recent jail break which resulted in the death of the prison guard at Kingston. It emphasizes the necessity of seeing that juries really do their duty as such; that they be not swept away by maudlin sentiment, and points to the results that flow from the failure of juries, to carry out their duty under the law.

There was another unfortunate jail break in September of last year which resulted in the escape of three notorious criminals, Mickey Macdonald, Ulysses Lauzon and Nick Minnille. The chief commissioner, General Gibson, issued a statement following that escape, in which he indicated that an intensive investigation had been made and that administrative changes had been effected with a view to promoting efficiency of administration in the penitentiary. No system can be perfect, but I think that matters of this kind could usefully engage the attention of a committee of this house.

There is another side to the matter of penitentiary administration which I think warrants consideration by the committee. I wish to refer to a statement made by the chief coroner for Ontario, Doctor Smirle Lawson, following an investigation which he carried out in August of last year. It may be, Mr. Chairman, that the matter referred to in this statement by Doctor Lawson has been investigated by the commissioners, and that the situation disclosed in this statement has been remedied and redress made. But I have seen no public statement in regard to it, and I bring it before the committee of the whole because I think it is a matter that should receive its attention.

In the *Globe and Mail* of August 7, 1947, we have this article under the heading "Charges T.B. convicts not segregated at pen." The article reads in part as follows:

Convicts with tuberculosis in its advanced stages are kept in close contact with non-

tuberculosis patients in the Kingston penitentiary infirmary, chief coroner Smirle Lawson charged last night.

The chief coroner declared the prison hospital was overcrowded and its equipment inadequate, particularly in the operating room. He made these observations on the basis of an official visit to the prison after a convict, Carl Woverenvitz, 57, had died in Christie street hospital.

Following Doctor Lawson's remarks, a coroner's jury investigating the death of Woverenvitz demanded that the federal government take immediate steps to segregate tuberculous and non-tuberculous convicts in the penitentiary hospital.

Woverenvitz did not have tuberculosis but died of complications arising from a wound he received during the first great war. He was treated in the penitentiary hospital and in Kingston general hospital before being moved to Christie street. The inquest was held because the law requires that a public inquiry be held whenever a convict dies while serving his sentence.

Doctor Lawson declared the prison infirmary was well run and spotlessly clean. He also praised the surgeon in charge, Doctor Thomas Tweddell. But Doctor Tweddell, he said, could do little in the face of the hospital conditions.

"I found that where Woverenvitz had been lying in the prison hospital there were advanced cases of pulmonary tuberculosis which other patients might quite easily contract," Dr. Lawson said. He added that the infirmary was small and that the proximity of tuberculosis and other patients was "not good medical practice."

Dr. I. H. Erb, provincial pathologist, was a witness at the inquest. "Would you say," Dr. Lawson asked him "that these tuberculosis cases, under the conditions I have described, were a menace."

"Yes," Dr. Erb agreed. "From your report, I think they would be a menace provided they were in relatively close proximity. They would be especially dangerous to younger men who might not discover their own condition until many years later."

Dr. Lawson commented that because men had lost their freedom, that was no reason why they should not get as good medical treatment as patients got in other hospitals.

The jury found that Woverenvitz had received correct treatment from the prison surgeon and at Kingston General and Christie street hospitals.

As I have said, Mr. Chairman, I do not know whether the situation here referred to has been remedied. With the kind of men we have on the penitentiaries commission I would expect that, on this very serious matter being brought to their attention, they would have acted promptly to remedy it; but I think it should engage the attention of the house, and I hope the minister will be able to make some statement with regard to it.

From many sides we are hearing criticism of present conditions. We hear the youth of today castigated, and we hear different panaceas put forward as solutions for the problem of crime among youth. As one who has sought to interest himself in youth and its problems I want to express my profound disagreement with some of those who are busy denouncing the youth of today. I see the superintendent of one reformatory has said:

> Never at any time in the past twenty-five years has youth been found so insolent, so defiant, or so determined to do what is wrong as at the present time.

I think those words are unduly harsh. Those of us who have tried to keep in close touch with the youth of our respective communities will believe the youth of today are as good as were the youth of any other generation. On the other hand, however, they live in a very different kind of world, a fact which the older generation does not always take into account. Life is far more complicated; but fundamentally at the root of the problems of crime and delinquency among youth today is the question of control of children by their parents. It is not so much the failure of the youth of today, or delinquency on the part of the youth of today, as it is the failure on the part of the parents and the home. Everything that is weakening the influence of the home and weakening parental control and a sense of parental responsibility for youth is a detriment to our community. One of our great problems is the insidious pressure of materialistic forces and materialistic philosophies, striving to defeat religious and moral teaching which has its heart and centre in the home and the church. Anything we as men in public life can do to support healthy community influences, which in turn will not supplant but will help strengthen a healthy home influence, I am sure we will all consider it our duty to do.

There is one other aspect of this problem of which we should never lose sight, and that is the problem of the discharged prisoner. Much can be done in the early stages, of course, to guide the footsteps of youth into the paths of good citizenship and useful life. When youth goes astray, much can be done to guide its footsteps back into paths that will lead to useful life in the community. But there is a third aspect, a third stage of the problem, which at all times must engage our interest and concern. That is the problem of the discharged prisoner, the man who has gone astray, who has served a term and is released from a penal institution, only to be confronted by a world which may look to him quite different from the world he left when he was convicted; a world which in so many cases seems cold, unfriendly and inhospitable to him. Each of us, I am sure, has had experience with cases of this kind, but I wish to mention one which arose in an Ontario court some months ago. It is an example of the way in which a prison record dogs a man even when he is trying to

go straight. It is an illustration of the fact that discharged prisoners, after they have paid their debt to society, need assistance from various quarters, not only from institutions such as the John Howard society, which is doing magnificent work, but from all who regard themselves as good citizens.

This was a case that came before the county court judge in Windsor. The man in question, whose name I shall not mention, was charged with uttering a forged cheque. The prisoner, who was just twenty-five years of age, had something to say when the court was about to pass sentence upon him. He referred to his police record as a nemesis and said that he believed society had failed in its treatment of men released from prison. He had been convicted first when a third-year university student. One would have thought he was in a position to advance himself into a career of usefulness to society, but he was convicted while attending university. Later he enlisted in the R.C.A.F.; but when his prison record became known he was discharged, just as he was about to receive a commission. That record, with one blot added to another, prevented him from obtaining a bond in one civilian position which otherwise would have been available to him, and it led to his discharge from a position in a Toronto munitions plant. This is what the prisoner himself had to say in court, as the judge was about to pass a further sentence upon him:

> My understanding is that society, through the legislature, enacts laws for its own protection. But when a man comes out that debt is paid, and if society hinders or hampers him in his return to them, then society has failed.

The crown attorney commented, "There is something in what he says."

I am not one of those who take a superficial or unnecessarily sentimental view of our treatment of those who have gone wrong. I do not believe we should approach this question in terms of mere sloppy sentiment. I do think, however, that a great deal remains to be done. It is not a task we can simply leave to such beneficent institutions and organizations as the John Howard society, to which I have referred already, which are doing so much to help to rehabilitate discharged prisoners. We cannot rely simply upon individuals. In that regard I should like to pay tribute to the outstanding work done by the former chief of police in Toronto, General D. C. Draper, who is president of the John Howard society, and who did so much in the formation of the Prisoners' Rehabilitation Society which, several years ago, became the John Howard society. But it is incumbent upon all of us who regard ourselves as servants of the public to do all we can to arouse the public to a sense of its responsibilities to these men. Given a fair opportunity, given guidance and friendly help when they come out, the great majority of them will go straight, as one can prove by statistics. But given a hostile or unfriendly reception, and being denied employment and the opportunity to find a place in and be useful to society, then we are simply inviting them to tread again the path of crime.

I am proud of Ontario and the commendable lead taken in that province in the setting up of a department of reform institutions under a minister whose task it is to seek as soon as possible to carry out extensive reforms in the penal institutions of that province, to see that youthful offenders are not permitted to mingle with hardened criminals, that different types of criminals are segregated, and that the guiding principle behind all our prison administration shall be the reform and training in useful pursuits of those who are incarcerated, so that they may upon discharge find a place in society. The purpose is that they may regard themselves as useful members of society, and not as enemies of society. This, of course, cannot be done overnight, but it is a commendable lead and one which could be widely followed.

I hope what I have said today has been constructive. I repeat what I said at the outset, that I commend the Minister of Justice for the two appointments made last year to the penitentiaries commission. They were such as to lead many of us to be hopeful that substantial reforms will be made in those penal institutions which are under the jurisdiction of the dominion.

Again I urge upon the minister to encourage the commission to take in hand the responsibility for carrying forward the task of reform and implementation of the recommendations of the Archambault report, and the modernization of our penal system.

Mr. BRYCE: Mr. Chairman, coming from a constituency which has within its boundaries a large penitentiary, I have an interest in the people employed there and, like the hon. member who preceded me, I am interested in the people who are confined there.

I should like to draw the matter of wages to the minister's attention. The cost of living has gone up by 153 points. The wages of those employed in prisons have not increased by anything like that amount. The Archambault report emphasizes particularly the fact that persons employed in prisons were not at that time being paid wages as high as were paid to those who cleaned the streets of our cities.

I made that statement before, and upon checking it again I find it still to be true.

I find this at page 344 of the Archambault report:

> Your commissioners are convinced that the success or failure of the recommendations contained in this report will depend almost entirely upon the prison personnel to be charged with carrying out the recommendations. The success of every prison system is dependent upon the type of officers in that system.

On the next page of the report the commission says, commenting on some surveys it had made:

> No matter what public service one deals with —social or fighting—if the personnel is not the right type for the work in question—I stress that, for the work in question—the results will be poor. This is particularly so in service where the main preoccupation of the staff is in dealing with human beings as opposed to finance or commerce. In no public social service is this more true than in the prison world where we have to deal with both sexes; men and women of all strata of society, old and young in years of crime, rich and poor, the good and the bad, and, in some cases, the very bad.

I am sure the minister will realize that if we do not pay proper wages it will be hopeless to get the type of men we need for these prisons. The hours they work should compare favourably with those worked by ordinary tradesmen, but in fact they work much longer hours.

By order in council 33/2047 an increase of $5 a month is given to guard grade I, guard messenger, and guard storeman. Let me point out that an advance of $5 in these times is not enough, in view of the present cost of living. I say they are entitled to much better wages than that.

The prison authorities have come to realize that they do not want men like the old sergeant-majors under whom I have served. Those old imperial sergeant-majors set out first to break your heart, even if they accomplished nothing else. That was the type of man who was employed in prisons in earlier days. I have served under such men. But in the modern world they are not accepted as fit for work in our prisons. Prison discipline and the management of our prisoners have made great progress in recent years. If we want the right men, we will have to pay wages equal to those received by men doing similar work in other spheres.

I shall not at this time go into the question of superannuation. I still have not had satisfaction in connection with the complaint I made last year that a man who has paid his debt to the government under a superannuation scheme, who has paid everything he owed with compound interest, should have to keep on paying until the day he dies.

[Mr. Bryce.]

There is another thing I want to bring up—the housing at Stony Mountain. For three or four years now I have appealed to the government to do something. Here is what the Archambault report has to say about housing:

> The accommodation for the staff is inadequate. It is unreasonable and unnecessarily humiliating to ask the members of the staff to live under the conditions that now exist in the officers' tenements belonging to the institution. These houses were built fifty years ago; they are without sanitary conveniences, and prisoners themselves are much more comfortably housed in their cells than the officers in the penitentiary tenements.
>
> Your commissioners are of the opinion that this state of affairs is destructive of the morale of the officers and that immediate steps should be taken to provide the staff and their families with respectable accommodation. In a large metropolitan centre the homes which are provided for the staff would, indeed, be condemned by the medical authorities.

Even with the scarcity of building materials, the Department of Justice should be able to do something. Bowling alleys and picture shows are still being built; surely the government can get some lumber and start some houses here. The greatest objection is that there are no sanitary conveniences.

Like the hon. gentleman who preceded me, I have always been interested in the care of the young criminal or first offender. It is unfortunate that more progress cannot be made in establishing the Borstal system or some equivalent system to care for our first offenders. Our penitentiaries today are for punishment more than for corrective purposes or the reform of the convict. Our system has a tendency to make an habitual criminal out of the first offender. He is put in with hardened criminals or men who have been convicted many times. Under the present system it is practically impossible to segregate the hardened criminal from the first offender. Someone sent me a copy of "Must Canada Continue to Create Criminals?" and I should like to quote from the second page as follows:

> The Borstal system of schools in England, for the reclamation of lads who are considered to have a chance, has proved its value. To be a success here, however, as they have been in England, the whole English system must be adopted. The juvenile court there, dealing with children from seven to fifteen, is the handmaiden of the Borstal system, which deals with lads from 16 to 23. The two reforms must go hand in hand.

In the report of the commissioner dated February 5, 1947, the following appears on page 15:

> The royal commission dealt at length with the methods of treatment of young offenders between the ages of 16 and 21 and recommended the adoption in Canada of the principles of the Borstal system which has been developed in the United Kingdom. Your commissioner is con-

vinced that the principles of that system offer the best known opportunity for the reformation and rehabilitation of youths who have not yet become hardened criminals, and considers that any new institutions to be established by the government of Canada should be of a type to permit the adoption of those principles thereby enabling youths of the reformable type to be withdrawn from the penitentiaries for adults. It cannot be too strongly emphasized, however, that the success of the Borstal system depends primarly on the trained personnel it attracts to its service. It has been said that the foundations of the Borstal system are first the recruitment of the right men, then their proper training, and finally their full co-operation with one another in an atmosphere of freedom and mutual understanding.

I commend the reading of that to hon. members because it shows what can be done. But it must be remembered that wages will have to be increased in order to make this service attractive to people who can do a good job. The scheme advocated in the commissioner's report would be a step in the right direction. A system of this kind would tend to improve the effectiveness of our penal institutions, but no adequate system can be adopted until the indiscriminate herding of criminals in penal institutions is abolished. No doubt some wardens have attempted to discriminate between different offenders, but segregation under one roof cannot be very effective. Different classes of prisons will have to be set apart for young convicts who should receive Borstal treatment. Another prison could be set aside for first offenders and those who may be reclaimed for a law-abiding life. And of course there should be separate institutions for the habitual criminal who is a menace to society.

I do not want to take up any more time, because I think the minister knows what I am driving at. I want better wages for those who are going to try to correct these people. It does not matter how bad a man is; there is some good in him, and we should have some system that would try to bring out that good.

Mr. MacNICOL: Mr. Chairman, I shall not discuss the Borstal system, because I did that on two previous occasions after making extensive surveys of the system as carried out in the prisons in England. What I want to bring particularly to the attention of the minister today is what can be done to reclaim prisoners. Frequently our talk is about prison reform but I have spent much of my time on methods of reclaiming prisoners. A previous speaker said that the prisoner should be taken care of after he gets out of the penitentiary. I have found that one of the main causes of a released prisoner again lapsing into crime is his inability to get a job, as the previous speaker mentioned, or a lack of funds.

I have been able to get jobs for many released prisoners, but I tell the minister it is quite a task. I have had to call up manufacturers and heads of firms and give my own personal undertaking that the prisoner would do a decent job. I am happy to say that in every case in which I have done that, the released prisoner has lived up to my best expectations. I try to treat them as a father would, and direct them in the right way. In their minds perhaps the best way to direct them in the right way is to get them jobs.

I should like to know what is being done by the department for prisoners after they are released. Let me refer to a tragic case that came up in Toronto recently. It was that of a well-known convict by the name of Hopkins. Here is his record as published in the Toronto *Evening Telegram,* after he had been shot to death recently by a constable while engaged in robbing a store:

1930. Convicted of theft at Hamilton; suspended sentence.

1932. Convicted of housebreaking, theft and breaking of recognizance; sent to the Victoria industrial school for an indefinite period.

1934. Convicted of breach of recognizance; given four months definite and eight months indefinite.

1934. Convicted again at St. Catharines of breaking and entering; given four months in jail.

1935. Convicted of theft; given six months definite and nine months indefinite.

1936. Convicted of carrying an unlawful weapon and being in possession of an unregistered revolver; given three months in jail on the first count and fined $50 or 30 days on the second.

1937. Convicted on August 1 of shopbreaking and theft; given five years in Kingston.

1941. Convicted of shopbreaking and theft and possession of loaded revolver; given five years on first charge and two years on second, to run consecutively.

1947. Convicted on December 12 on a charge of receiving; given one year.

Within the last month or six weeks he was caught with another convict breaking into a store and was shot dead in the lane behind the store. It is a tragic story—ten arrests and ten convictions within a comparatively few years. What is being done to reform or reclaim prisoners, if they can be reclaimed? I am convinced that the department and whoever is helping the department outside should make a

much stronger effort to reclaim prisoners. This man Hopkins, after ten arrests and ten convictions in little more than a ten-year period, ended up by being shot. There are many cases of the kind, but I shall not take the time to give more examples. Is there any branch of the department that is making a strenuous effort to reclaim prisoners, if they can be reclaimed? Of course the Borstal system will help a great deal, but when a convict cannot be reclaimed, as apparently was the case with Hopkins, should he not be declared incorrigible and be put away for good? Every day we read of criminals who, after serving a term in a penitentiary, were released and committed a murder or some other crime much worse than the one they were sent down for.

I would say that the department should do one of two things: either reclaim these convicts or put them away for good. It has been said, and I agree, that the home has the greatest influence of all, and the sooner homes get back to the old habit of family worship, under which I was raised, the better it will be for the children. I can see my parents yet, reading a chapter out of the scriptures every morning, and then, after explaining it to us, offering up a prayer. There is not so much of that done in these days as there should be.

I recognize the tremendous job which the department and the police have to do. Nevertheless one of two things should be done: either the convict should be reclaimed, or when it is found he cannot be reclaimed, he should be put away for good.

Mr. DIEFENBAKER: I believe that a real work of reform is being done in some of our penal institutions. I refer particularly to Saskatchewan penitentiary, where the work done in the past few years has been such as to result in a minimum of recidivists. I know of several cases I could bring to the attention of the committee, but I do not propose to do so. I think it is only fair to say that while in certain areas recidivism is of serious proportions, the work being done in Saskatchewan penitentiary has been highly commendable. I know of one man who, after serving a long period in that penitentiary following his conviction for murder, was allowed out on parole some four years ago, joined the army, rose to the rank of sergeant, and is now back in the area in which he lived prior to commission of the crime, and is taking his place in society in a manner commendable both to him and to the system operated in the penitentiary of Saskatchewan. That young man entered the penitentiary at the age of eighteen or nineteen with a grade 2 education, and at the end of fourteen years he was discharged from that institution with the equivalent of grade 12 education.

The new commissioner of penitentiaries has an important and responsible position, and one that is difficult by reason of two forces sometimes pulling in opposite directions—punishment for wrongdoing, and reform. One worthy thing that has been done during the past year is the establishment of a policy of education and training for penitentiary officers. Some twenty-five of them have taken the course. To be a successful penitentiary officer requires not only the capacity to appreciate human shortcomings and the ability to enforce discipline, but also the capacity for intelligent coercion. The hon. member for Selkirk referred to the old type of officer who was an autocrat and sometimes a martinet. That type of officer is rapidly leaving the penitentiary service of this country, and properly so. But you cannot get the type of officers who are needed in the penitentiaries at the present rates of pay. A penitentiary officer receives a low salary having regard to present living costs—it runs from $125 to $140 or $150 a month—and he has no security. He is a temporary official who can be removed at any time. His right to be made permanent was done away with some fifteen years ago. It is a serious situation. It was done that way because it was thought that those in charge of the various institutions would not be able to exercise proper discipline if there were permanence in the appointments.

I come now to a question that was raised by the hon. member for Eglinton in what I thought was an excellent statement of the problem of penal reform. During the last year—and he made reference to it—there have been a number of penitentiary outbreaks. The minister should indicate to the committee the various penitentiaries in which these outbreaks took place. There have been rumours as to the circumstances under which revolvers and firearms get to the possession of convicts in these institutions. We had an example in Kingston penitentiary of what happens where there is no proper discipline. That is the most recent occurrence. Where did these convicts get possession of the firearms which they used in committing homicide in their escape? In what other penitentiaries in connection with which investigations have taken place in the last year have firearms been found in possession of prisoners? I cannot understand how firearms could get into the possession of convicts without assistance from within. If a lawyer goes to consult his client in the penitentiary he has no opportunity of being in a room with the prisoner. He is placed in the

same position as a visitor; he is removed from the prisoner and separated by a net. How do these things occur? What happened? Was anything done to punish wrongdoers within the penitentiary and prevent a recurrence of such incidents?

I should like to say a word in respect to remission of sentences. The present system of remission of sentences is haphazard and uncertain, and in many cases works unfairness among prisoners who are serving terms for similar crimes and offences. Too often the exercise of remissions results from representations which are made, and not from consideration from time to time, by those in authority, of the remainder of the sentence. I mention one case in particular. It is difficult to maintain authority within a penal institution when certain prisoners have their sentences remitted at the end of the minimum period of sentence, and others who have equally conformed to the regulations, find that for some reason nothing is done. I find it difficult to see any rhyme or reason for the granting of remissions. Certainly the principle upon which they should be based, as I see it, is, first, that the sentence served has paid the debt to society; second, that the sentence served has been sufficient to punish the wrongdoer while giving him an opportunity to reform.

I know of a man in the Saskatchewan penitentiary who was sentenced for murder in 1929. If ever there was doubt as to the guilt of a man, there was doubt in that case. I am not going to give his name, but I shall send it to the minister. He was sentenced to death. He had no funds or friends. A certain lawyer, reading of the case in the paper, and believing that that man was entitled to appeal, undertook the appeal, which came before the court of appeal of Saskatchewan. The court dismissed the appeal, but expressed serious doubts with regard to the case. Commutation was granted. My doubts of that case are no less strong today than they were in 1929. That man sees others going out year after year. When an application for remission is made—and his record is perfect; he has discharged any debt to society, if he was guilty, of which there is still doubt, and he continues to protest his innocence—the reason given why he cannot have his remission is that nobody will assume responsibility for him and assure him a livelihood if he were discharged. That seems difficult to understand. There is no doubt about it. The question has been asked over and over again whether anybody will accept responsibility for him. I feel that that is the type of case which the remission branch should reconsider. The man's record in the penitentiary over nineteen years has been satisfactory. Remissions should be based on the record of the offender. In a case such as the one I have cited there should be no denial of opportunity for a man to take his place in society, even though the difficulties are almost overwhelming, having regard to the period in which he has been a ward of the state.

Mention was made of the John Howard society. Too often do we base success in life on material considerations. I am thinking at the moment of Mr. J. A. Edmison, K.C., a man who has taken over the position, as his life work, of secretary of this society. He sacrifices his profession and his monetary opportunities. During the past two years he has gone across this country, and I think more than anyone else has brought to the attention of the public as a whole the necessity of implementation of many of the recommendations in the Archambault report which, for all too long a time, did not receive from the Department of Justice the attention they deserve.

I do not know what can be done to rehabilitate the man who has served his sentence. It is trite to say that he finds grave difficulties. Everyone who practises the law has been told at first hand of men who, after having paid their debt to society, cannot secure employment because of their record. The John Howard society is doing something in that direction to assure assistance in rehabilitation to those men who made a mistake in life, and who have discharged their debt to society. While today some assistance is given to the John Howard society, I hope that I shall not be criticized for advocating a reduction of taxation on the one hand and then asking for additional expenditures on the other, when I ask for consideration by the government to making to that society a grant in order to enable it to expand its activities in this country for the benefit and rehabilitation of those who, having erred, now ask the opportunity to take their place in society.

Mr. McIVOR: I should like to ask the minister if he is in favour of cutting down the sentence of the criminal who has everything in his favour to indicate that he will make good, if somebody will sponsor him. I have had a good deal of experience with these cases. I think I have had about 134 men out under supervision in the past forty years, and only three have failed. The former minister of justice was willing; he thought it was a good thing if a man's sentence was cut down before he served a complete term.

My plan has always been to check up with the chief of police and not to ask for a man

to be allowed out unless I interviewed him personally and found out his attitude. When a man is placed on his honour, but when he also knows there is somebody watching him with a live interest in his welfare, week in and week out, it gives him an opportunity to make good.

Only a little while ago I was asked to go out and see if it was possible to get a boy out of the penitentiary. When I went into the home the mother was smoking a cigarette and on the table was a bottle of Canadian rye with the cork out of it. I checked up with the police right away. I said, "Do not touch him. You will get into trouble. He has a bad habit, and he got it from his father and mother." I know some men like to take a drink. But when a boy is taught to drink in his home, he acquires a terribly bad start. But only three—and that is less than three per cent—of those we have had out, have failed. Thanks to the wholehearted co-operation of my better half, those boys were welcomed in our home and they enjoyed the friendship they found there. Does the minister think it is a good thing to have a man out on permit under certain conditions, or does he not?

Mr. REID: I have just two questions I should like to ask the Minister of Justice; but, before doing so, may I make one comment regarding statements that have been made here this afternoon? It is true that the segregation of criminals has created considerable interest in this country, and the Borstal system has been mentioned by many speakers on many occasions. But I took note that a commission was appointed not so long ago in Great Britain to investigate the Borstal system there; because, under the changed conditions under which we are now living, it appears that conditions have also changed with youth and with adults as well. I know the statement is commonly made that youth should be segregated in penitentiaries from the hardened criminals. But as one who periodically visits the penitentiary in Westminster, I may say I have found that many old hardened criminals have expressed to me the request that they be segregated from some of the present youth who come into the pen. I do not say that in any spirit of levity, or in the way of carping criticism. That is the actual fact. In view of the fact that Great Britain, with its great Borstal system, has found that something has gone wrong with the youth, I am wondering if the minister has any information regarding the commission and what they found out there. I thought I would rise in my place and tell what I had found out in my visits to the penitentiary.

[Mr. McIvor.]

On January 19, in a speech here, I drew the minister's attention to serious complaints with regard to their wages made by guards in the penitentiary at New Westminster. Like the hon. member for Selkirk, I believe these men are doing a special kind of work. If you want to keep them content, it is my opinion that you should at least pay them as much as guards are getting in the provincial prison. Each and everyone of us judges by comparisons. We are all satisfied until we find that somebody else is getting a little more than we are. The guards are human too. The class of work they are doing today has been elevated. We are looking for a higher type of guard to look after the welfare of the men in the penitentiary. I could never understand why guards who look after prisoners in a provincial prison should receive far more than do guards who look after prisoners in the penitentiary, although they may later be looking after the same prisoners that are being looked after in the provincial jail. Has any investigation been made into the request I made on January 19, regarding the salaries and wages paid to these guards?

Mr. HARRIS (Danforth): I am desirous of commending those who are responsible for the appointment of Joseph McCulley. I say to the Minister of Justice that, from my own personal knowledge, this appointment is one which receives the support of my native province. It so happens that Pickering college, of which he was headmaster, was my alma mater. I have taken a keen interest in that particular institution and have personally observed the work of Joseph McCulley, which had to do with boys in the college where the surroundings were quite different from those he will find in the task he is taking on. The wonderful job he was able to do on behalf of hundreds of students who passed through his hands as headmaster at Pickering college is something which, to my mind, recommends him highly for the onerous duties he has now taken on as one of the commissioners.

Mr. ILSLEY: I should like to answer some questions that have been asked by speakers this afternoon. Perhaps it will not be possible for me to answer them all, but I think I can cover them fairly well.

In the first place, I think I should say something about the operations of the commissioner of penitentiaries during the past year. The foundation for the program being followed in the operation of the penitentiary system is to be found in the report of the present commissioner of penitentiaries, which I think was circulated in February of 1947. That was the report referred to a few moments ago by the hon. member for Selkirk. To some extent that

report is based upon the Archambault report, but does not go the length recommended by the Archambault report; that is, the centralization of control of all penal institutions in the dominion government. That probably is not practicable. We have no reason whatever to think it is practicable. We have had no request for anything of that kind from any of the provinces with the exception of two, I think I am safe in saying; those are the provinces of Alberta and Manitoba. While I have stated in this house that if the provinces wished us to give consideration to this important change in the constitution of our penitentiary system we would do so, I do not anticipate that I shall get any request to give consideration to it, having in mind the acrimoniuos speeches which have been made in some parts of Canada about the desire of the dominion government to centralize authority here in Ottawa.

So we are proceeding on a different footing, the one set out in General Gibson's report of February, 1947. I should like to tell the committee some of the things that have been done during the past year. The new act was proclaimed on September 1, 1947. The administration was reorganized. General Gibson was appointed commissioner, and two deputy commissioners, Mr. McCulley and Doctor Gendreau, were appointed. There are three assistant commissioners, the senior assistant commissioner being Mr. Sauvant. A training school for officers was inaugurated, and the second course is now in progress. The courses are given at Rockcliffe, in the R.C.M.P. barracks there. Twenty-five of the personnel of the penitentiaries come in for each course, which lasts six weeks. I visited this school being carried on there under the guidance or control or direction of Mr. McCulley, and found the atmosphere to be excellent. In other words, those who come in from the penitentiaries are keen to learn all they can. The instructors seem very good. There is not the slightest evidence of any feeling that this is a holiday or a lark or anything like that. They are very much in earnest about learning what they can about how to carry on their duties in the penitentiaries.

The salaries have been revised in all grades. In the course of his remarks the hon. member for Selkirk said that the cost of living had increased by 50 per cent or thereabouts, and that the remuneration of the employees of the penitentiaries branch had not been increased to the same extent. But the remuneration has increased by approximately 50 per cent since 1939 in all except the highest grades. For guards the 1939 range was from $1,200 to $1,500 a year. After a recent increase, I think more recent than the last one with which the hon. member is familiar, and certainly more recent than the rate in existence last January, when the hon. member for New Westminster spoke to me about the matter, the 1948 range for guards is from $1,800 to $2,100, with a higher maximum than that for twenty per cent of the guards.

Mr. HACKETT: Are they not also supplied with clothing and uniforms and shoes?

Mr. ILSLEY: Yes, they are.

Mr. HACKETT: So they really get more than the amounts mentioned?

Mr. ILSLEY: Yes. They also get a free meal in the middle of the day and free medical services.

Mr. HACKETT: And some pension rights?

Mr. ILSLEY: And superannuation rights under exactly the same system as the civil service, which I cannot help reiterating is an extremely generous superannuation system, judged by any standard at all. The increases over the 1939 rates in the other grades are as follows:

	1939	1948
Keeper	$1,560-$1,680	$2,220-$2,580
Instructor	1,440- 1,800	2,400- 2,700
Chief keeper	1,740- 2,100	2,700- 3,300
Chief trade instr...	2,040- 2,520	2,700- 3,300
Warden, grade 1 ..	3,660- 4,440	4,800- 5,400
Warden, grade 2 ..	4,500- 5,100	5,400- 6,000

During the past year there has been an important, rapid extension of the system of classification. We have spoken in this house about the importance, first, of classification of prisoners, and, then, of segregation. I am prepared to admit that the segregation has not been carried on to the extent that ultimately it should be, because so much construction is required. There just are not the buildings and the facilities. The more you finally segregate, the more facilities you require, of course; but progress is being made in segregation, and more progress will be made in future when labour and material for construction become more readily available. First, however, there has to be classification. Classification officers have now been appointed in all the penitentiaries, and a proper system of classification is being developed.

Full-time vocational training has been inaugurated for young convicts at Collin's Bay and St. Vincent de Paul penitentiaries, where they receive instruction in construction carpentry, cabinet making, brick masonry, plumbing and steamfitting, tinsmithing and drafting. That system of full-time vocational

training is not now in existence in all the penitentiaries, but there is to be a gradual extension—or perhaps not so gradual—of the system, and this autumn it is expected that it will be instituted in the Saskatchewan penitentiary. I was glad to hear the hon. member for Lake Centre say that the reformation which takes place in the Saskatchewan penitentiary is already fairly satisfactory, but it will be improved by the institution of these vocational training courses.

Greatly increased educational facilities have been introduced in all the penitentiaries. The number of full-time teachers has been doubled. Correspondence courses are available and are being used on a much larger scale than before; and the libraries have been increased in size. Last November we held a conference with representatives of the provincial governments to see if there could not be better co-ordination of the work of the dominion and provincial institutions. There was full discussion by representatives of all governments and, as I say, the provinces of Alberta and Manitoba asked if the dominion government would carry out the full program of the Archambault report. After consideration, however, I thought it necessary to advise them that it would be impossible to do that, for the reasons I stated earlier in my remarks. There is not the slightest evidence that any such complete centralization of control is desired or would be accepted by the provinces of Canada as a whole.

On the other hand, we did make the same offer to those other provinces as we did to the maritime provinces, that if they felt that two or three of the provinces should combine so that they could advantageously use a reformative institution, the dominion government would advance the money on a loan basis for the construction of the institution, and would operate it, to overcome any constitutional difficulties that might otherwise arise. We have not had a favourable response to that request from the western provinces, although it is thought that probably some program of that kind will be worked out with the maritime provinces.

Improved pre-discharge arrangements in penitentiaries are being worked out under the supervision of classification officers. Some months before a convict is discharged, steps are taken to see that contact is made between him and John Howard societies or prisoners' aid societies, so that the transition from the penitentiary life to life outside will be made as smooth and as satisfactory as possible.

We have provided in the estimates before the committee grants to John Howard societies and societies of a similar kind. Those are recommended in General Gibson's report and they are being provided for in the estimates introduced this year.

Let me run over some of the other matters brought up in discussion. The hon. member for Eglinton quoted a report from a coroner in Toronto to the effect that tubercular patients were not segregated from non-tubercular. I am assured by the commissioner that is not now so. He tells me there is complete segregation in the prison hospital of tubercular patients from others.

The hon. member for Selkirk said that the housing situation at Stony Mountain was unsatisfactory. If he will look at page 138 of the estimates he will find, about a third of the way down the page, an item of $515,200 for the construction of buildings, walls and ducts. The expenditure last year was $279,080. This larger amount for the present year includes $150,000 for the construction of houses at Stony Mountain.

Mr. BRYCE: For the housing of guards?

Mr. ILSLEY: Yes, for guards' houses. Therefore that is being taken care of.

Mr. BRYCE: I am pleased to hear that.

Mr. ILSLEY: The hon. member for Selkirk has repeated the complaint he has made on other occasions with respect to the pension system. His point is that certain persons have to keep on paying in some cases until they have paid in more than they could possibly get out.

Mr. BRYCE: I have three cases I shall send to the minister.

Mr. ILSLEY: All right; I would like to see them. However, all I can say is that the rule being applied to these penitentiary employees is exactly the same as the one applied throughout the civil service. There is no difference whatever. I wish to reiterate that the Civil Service Superannuation Act is an exceedingly liberal act.

It may be that if a person has to pay up arrears and is given the option of paying a lump sum or paying so much for life, he will pay more by taking the latter option, if he lives long enough. But he will not pay anything at all if he dies very soon.

Mr. BRYCE: My idea is that the superannuation scheme is not a superannuation scheme at all when you find that when you come to the end of your usefulness and are about to retire you have to take $23 off your superannuation money and pay it back to the government. That is not superannuation at all.

Mr. ILSLEY: Let us be reasonable about this. These people were temporaries who became permanent. As temporaries they were not entitled to superannuation. They

were given the privilege of paying for the back period which would partly—and only partly—pay the cost of their receiving a pension, or their families receiving pensions. They had the option of paying that up, with about one-third of the cost to the government. They could not do that, so it was said to them, "All right, instead of paying a lump sum, you may pay so much a year for the rest of your life." Well, the person who does that takes a chance of losing by living too long. There is no doubt about that. However that cannot be avoided. It is an option, and a fair option, based upon actuarial principles.

Mr. BRYCE: These men could not be temporary employees, because they were in the service since 1921.

Mr. ILSLEY: There are people who have been temporaries for many years. Finally they become permanent. My officials instruct me that these people did not elect to take advantage of the superannuation act. Then later in 1944, they elected to take advantage of the act.

Mr. BRYCE: When some of those people are sixty-eight years of age they will have paid compound interest on all they owe the government, and still they have to pay to the end of their days.

Mr. ILSLEY: I am satisfied my hon. friend is unreasonable in the position he takes. We are talking about these civil servants or penitentiary employees who were given a year or two years in 1924 or 1925 to exercise the option. They did not exercise it. But they found out twenty years later that it would have been advantageous for them to exercise it. Then they are given another opportunity to exercise it, provided that they pay up the arrears. They are given the option of paying a lump sum or of paying on an actuarial basis. If they find there is more money taken away from them if they go on that basis, they have no complaint.

Mr. BRYCE: I hope the minister does not really mean that—that I am unreasonable—because I think I am the most reasonable man in the house.

Mr. ILSLEY: Usually, yes.

Mr. BRYCE: I have indicated this grievance, and I would be failing in my duty if I did not bring it to the attention of the committee. These men have a just grievance.

Mr. ILSLEY: All right; we shall let it go at that.

Mr. BRYCE: Would the minister be good enough to mention the hours; is it fifty-one hours?

Mr. ILSLEY: Forty-eight hours, I believe.

Mr. BRYCE: Do you not think it should be less than that?

Mr. ILSLEY: If it is less than that you have to lock the prisoners up earlier.

Mr. BRYCE: There are lots of men in the country now.

Mr. ILSLEY: It is difficult to arrange the shifts.

Mr. BRYCE: That was the excuse made during the war, that there were not sufficient men. There are plenty of men now.

Mr. ILSLEY: Well, it is forty-eight hours a week.

Mr. GILLIS: Would the minister answer a question on the point he has been arguing with the hon. member for Selkirk? The minister said that in 1921 these guards who were temporary employees had the option of coming under the superannuation scheme.

Mr. ILSLEY: I think I am wrong in that. I thought the hon. member was talking about temporaries. He was talking about permanents who were given the privilege of coming under the superannuation act in 1924 but who elected not to do so.

Mr. GILLIS: As temporaries they would not have that option.

Mr. ILSLEY: No, they would not have it as temporaries.

Mr. GILLIS: Is it not unreasonable to keep people in the service for twenty-five or thirty years, classify them as temporaries and deprive them of that privilege?

Mr. ILSLEY: These people were not. That is another question.

Then the hon. member for Davenport asked what was being done by way of reclamation. I believe I have answered that pretty thoroughly. Our whole policy is directed toward reform by all the methods I have mentioned. As I say, arrangements are made with the John Howard societies to get in contact with them upon their release from the penitentiaries, and the estimates provide for grants to the John Howard societies.

Mr. MacNICOL: Do they get them jobs?

Mr. ILSLEY: The prisoners' aid societies do the best they can to place them.

Mr. MacNICOL: The minister will remember that I said I had exercised myself in obtaining jobs for those whom I knew. They have done very well, because I do not know of any who have relapsed. How much does a prisoner take out of a penitentiary in his pocket when he is released? When he is out of money, what does he do for more?

Mr. ILSLEY: It is not less than $10, and it depends upon the length of time he has been in the penitentiary.

Mr. MacNICOL: That would not take him anywhere. Much of the trouble comes from a lack of supervision over the prisoner after he is released. I do not know how it can be done, but certainly $10 would hardly take him from Kingston to Toronto, even riding in a second-class car. When he gets to Toronto he may need some place to lie down in, because they do not all have homes to go to. Then he must eat. There should be some place where a released prisoner feels he can go to obtain aid. This would not be molly-coddling; it is simply a matter of keeping them from going out and robbing some home or knocking somebody down on the street and taking their money.

Mr. ILSLEY: The average cash taken out is $18 and transportation is paid to the place of sentence. The John Howard societies are communicated with to see if they cannot help to get these men established.

The hon. member for Lake Centre said something about pay, but I think I have answered that. Then he said there was no permanency. These men have the same permanency as civil servants, except that they can be dismissed by the minister for cause, while a permanent civil servant can be dismissed for cause, only by the governor in council. They have the same rights under the superannuation fund as civil servants.

The hon. member for Lake Centre wanted to know how arms get into the penitentiaries. The only recent instance is that at Kingston when a revolver got into the penitentiary. It is not known how, but the matter is under investigation.

The hon. member for Lake Centre said that the remission service was unsatisfactory. We do not get many complaints about the remission service, but it may be susceptible of some improvement.

The hon. member for Fort William asked whether I am in favour of letting out a convict whose record is good when someone will sponsor him? Our whole remission service is based on those principles which are pretty consistently applied.

[Mr. Ilsley.]

The hon. member for New Westminster asked if I was acquainted with the investigations of a royal commission in Great Britain into the Borstal system. I am not, but I believe I read somewhere that the figures with reference to the Borstal system are not quite as satisfactory today as they were some years ago. There has been a little deterioration, not in the system, but in the results from the system.

I thank the hon. member for Eglinton for the tribute he has paid to Mr. McCulley, one of the deputy commissioners. I think everyone agrees that it was a good appointment, as was also the appointment of Doctor Gendreau. I need hardly say that the same would apply to the appointment of the commissioner.

Mr. CHURCH: I should like to call the attention of the minister to three or four matters. I am greatly dissatisfied with the inspection of these institutions. You are spending large sums of money, six to seven million dollars a year, and getting little value in the way of prison reform. The other evening I referred to the fact that in the old country they had had real law reform. Half of the prisons over there have been closed under the summary offenders act.

What prison reform has there been since the Archambault report? I venture to say that inspection is one of the most important functions you have, and there is no inspection except by crown officers. These institutions, whether they are rightly or wrongly managed, have been criticized by some of the superior court judges of the provinces. It is one of the cardinal principles of Magna Carta that the people shall take a large share in the administration of criminal justice. These institutions are managed only by crown officers, and the motto over their doors should be, "Abandon hope all ye who enter here".

As I say, there is no inspection except by crown officers. I had a bill up the other night for consideration. I want to compliment the minister on the amount of time he has given to this service since he took charge of the department. While I do not think the changes made go as far as they should, I want to say that he has done a great deal to bring these institutions to the attention of the public. He is one attorney general who has done this. I know that some never paid any attention to this branch of the department and were never in these places to see what was going on.

I should like to see these institutions inspected by businessmen because these places are extremely important. I remember when

we were appointing a new chief constable in Toronto a deputation, including Sir John Eaton, asked that a soldier be appointed. I said to them, "Can you learn how to run a department in Eaton's in a day? How are you going to learn this police business in a day? How are you going to learn the police or penal institution business in a day?" That just cannot be done. You must be in the business all your life to know about it.

I believe that applies as far as possible to this department, but there should be a proper system of inspection. Hon. members of the House of Commons have been on the board of visitors for years, but how many in this chamber have been in any of these institutions to see what is going on? I know the hon. member for Davenport is one who has visited one of these places. Years ago the only reform in these institutions was by a Conservative government in Ontario under Sir James Whitney, and by our city of Toronto, a pioneer city in prison reform, which built in 1910-11 two jail farms, one for men on Yonge street and one for women three miles away at Concord.

We have an old jail down on the Don which is in my constituency. It was built about the time of confederation and what I am saying here to this government applies to that institution. The former hon. member for St. Mary (Mr. Deslauriers), and another hon. member looked into these institutions, and the construction inside them is against all the known laws of public hygiene, and the member for St. Mary said the same thing. There should be some better system of inspection and the public should know what is going on inside these institutions. You can never inspect them by sitting in your office. True, we have a very fine commissioner in charge of the penitentiaries. We have commissions on everything now. Everybody is changing his title. You change the name but you do not change the system. Under the present system you cannot find out what is going on in the penitentiaries, and we want to know and the public want to know. The Archambault report recommended that there should be a better system of conducting these penitentiaries. Every great war is followed by unrest, especially among the younger people who have travelled through difficult days, and the penitentiary population increases.

I should like to make the following suggestions to the minister. I do not want to hold up his estimates, because he has been very patient not only regarding private bills but the whole system of penitentiary and justice administration. The public are very much dissatisfied with the conduct of some of these institutions. We have not the system which we should have, especially for youthful offenders. It is many years since the Archambault report was brought down. It grew out of debates on these institutions in this house. The commission recommended many changes. It is true that some minor changes which have been made are listed in the back of the report of the present commissioner of penitentiaries. I admit that considerable changes have been made, and so far so good; but they are not sufficient, especially at a time like this when people are being sentenced for minor infractions of the control laws. Can you blame anybody from trying to escape from these institutions? The penalty is too great—no wonder there are escapees.

I wrote to some of the wardens a few years ago and I found that very little visiting of these institutions was done. Why not have the grand jury or even the petit jury inspect these institutions. Jury inspection has been the system in the province of Ontario ever since confederation. Why should the jury inspection system not apply to federal institutions? The jury would not go there to criticize the institutions but would strengthen the hand of the present commissioner. I do not say that they should go to these institutions more than once or twice a year, because in some provinces there are no grand juries and in others the petit juries are reduced to five in number. But undoubtedly we need a more adequate inspection system. That was urged in the report of Mr. Justice Archambault, and it was supported by the late Chief Justice Meredith, who tried more cases out on circuit at the assizes for more than fifty years than any other judge in Ontario or Canada. Many judges have emphasized the value of an inspection of these institutions, municipal, provincial and dominion, by juries, and I hope that something along that line will be done. It is the key to law reform. The public should be made aware of what is going on in these institutions. Some punishments are entirely too drastic, so much so that one would think we were living in the middle ages.

I want to thank the minister for the manner in which he has received my suggestions, in the same spirit as that in which I have made them. I am not criticizing the present commissioner. He has had a distinguished career in another sphere of activity, and it may be that in the years to come he may do good work in the penitentiaries; but the public believe that prison reform, which they had in Great Britain twenty-five years ago, is altogether too slow in coming in Canada.

Mr. ILSLEY: I do not want to hold up my own estimates, but many members are interested in penitentiary methods and prison reform, and I should like to send to the members of the house a copy of a speech made by the commissioner on February 16, 1948, at a meeting under the auspices of the School of Social Work, University of Toronto, which I commend to their attention if they want to keep in touch with what is being done in the administration of the penitentiaries. The figures with regard to the pay of the employees need to be revised to some extent, because the speech was made before the last pay increase, but the speech is worthy of reading by anybody who is interested in this matter.

Item agreed to.

DEPARTMENT OF TRANSPORT

463. Departmental administration, $690,670.

Mr. FRASER: I have a return here, No. 167, which shows a property sold by the Department of Transport. It shows lots 122, 123 and 124, concession 1, west Yonge street, Toronto, twenty-one acres, sold for $105, although it cost the government $430, and I have information showing that property in that neighbourhood is selling and has sold at $400 or more an acre. I would ask the minister why this land was sold for less than it cost the government away back in 1907 to 1911. Despite the fact that the return says this land was sold by tender, I have reliable information that no tenders were called at all. I would like a little information on that.

Hon. LIONEL CHEVRIER (Minister of Transport): Where is the land?

Mr. FRASER: Lots 122, 123 and 124, concession 1, west Yonge street, Toronto. It was part of the land that was bought by the government from 1907 to 1911 for the Newmarket branch of the Trent canal. The information I have here shows that the land around it has been selling at $400 an acre, and some as high as $500 an acre.

Mr. CHEVRIER: I do not remember the details of this particular sale. It is somewhat vague in my memory now, but my recollection is that it was advertised. It may be that there were no bids and that, later on, the land was sold privately, but I should not like to be committed to that statement. I shall look into the matter and give my hon. friend a reply before I am through with my estimates.

Mr. FRASER: Even if it were sold privately, those who sold it should have checked on the property nearby and should not have sold it for $5 an acre. That was giving it away. This is valuable land. The property around there is now all built up with houses.

Mr. CHEVRIER: I remember now; it was advertised on more than one occasion. There were bids in certain instances and in others there were not.

Mr. FRASER: That was other land round there.

Mr. CHEVRIER: What happened was, I think, that the land was put together in a block and sold. In any event, I shall get the information for my hon. friend.

Mr. FULTON: Has the minister a report as to the extent of the damage done to the Canadian National railway lines by the floods in British Columbia? What is the estimated cost of repairs?

Mr. CHEVRIER: I gave that information in much detail on the orders of the day.

Mr. FULTON: Today?

Mr. CHEVRIER: I gave a complete statement on it on Monday, I think.

Item agreed to.

Canals service—

467. Canals—construction and improvements, $579,660.

Mr. FRASER: I spoke about this matter last year and at other times when the estimates were up. The Rideau canal, and also the Trent canal have great attractions for United States tourists; but, owing to the fact that so many automobiles are used these days, the steamers which we used to have on these canals are not running today. Therefore the weeds are allowed to grow in the rivers and the lakes of the canals. Many of the little docks that the government put in years ago are of no use today, on account of the fact that the entrance from a lake or from the canal itself is blocked with weeds. Would it not be possible, and would it not be good business on the part of the government, to clear these weeds out of these sections, because in Canada, and especially in my district, the Kawartha district, we depend on the tourist for a great deal of business. We depend on them for United States dollars, and it is the United States tourist who is asking that these weeds be taken out of these channels. If the department had a weed cutter it would not cost very much to do the job. The excuse given to me last year was that if the department cut the weeds they would float ashore and create a menace, breed flies and so on. That condition would prevail for only a couple of days and then it would be over. If the

weeds were cut, growth would be kept down. Another way of doing away with them around the docks is, of course, to put lime down. That keeps them down for perhaps two or three years, and I do not think it affects the fish at all. Something should be done in that regard. We spend $650,000 or more advertising for United States tourists, and we should do everything possible for their convenience when they get here.

Mr. CHEVRIER: The last time my hon. friend brought this matter up, I think the difficulty was that these weeds were not in navigable channels. They were in close to the dock or close to a channel which took care of boats of small draft. There are perhaps 500 miles or more of secondary canals, not all of which are of tourist value. Because of that, it would not be a simple matter in so far as the work and the costs are concerned. It might not be a big job to cut the weeds in the channels to which my hon. friend refers, but the whole question is whether it is a responsibility of the Department of Transport. If we were to cut them there, by inference it would create an obligation to cut them elsewhere. I am not saying that it cannot be done or that it will not be done, that is the objection which occurred to me when my hon. friend brought the matter up. I told him that I would ask my officers to look into it. They did, and they came to the conclusion that they would be assuming an obligation to cut the weeds in the other places as well. I do not know that the position has changed since, but I shall be glad to ask my people to look at it again.

Mr. FRASER: Take the case of Keene, Ontario. There is a government dock at Keene on the river that runs from Keene into Rice lake, which is only a short stretch. That dock was built at Keene by the government. Thousands of United States tourists go there. They come into the Rice lake district, winter, summer, spring and fall, but they can hardly use an outboard motor in that section today from the main canal in Rice lake up to the Keene dock. The dock is there. It was built when the steamboats were operating. The steamboats kept it clear, but an outboard motor cannot plow through there. It is not only for the convenience of the United States tourists who are there but also for the business people in the section. They need the business of these tourists. In many cases the tourists have to go up the river to Keene to get their mail, because some of them have no roads or they are on an island. They have to go by boat for their mail, but they cannot go all the way. They have to paddle through those weeds. There are not 500 miles of weeds which would have to be cleared.

There is another spot which should be cleared. It has been checked by the superintendent of the department in Peterborough, Mr. Ryan. I refer to Little lake. Weeds have grown in Little lake because of the dam and the locks below. There is a concrete dock and shed and everything on George street, right on Little lake, but to get from the main canal you have to go through weeds. The weeds in that section are a menace to the outboard motor and to health, I would say, because they stop the proper flow of water down that stream.

Mr. MACDONNELL (Muskoka-Ontario): May I add a word, because I have exactly the same situation in Muskoka outside the town of Bracebridge? It seems to me that the situation described by the hon. member for Peterborough West is something that somebody has to deal with; otherwise an impossible situation will be created, and many of these waterways will fill up and become unusable for local inhabitants, and what is more important, for the tourists. I am not quite clear as to the responsibility in these matters. The waters referred to by my hon. friend, and certainly the waters that I have in mind, are navigable waters. Am I right in assuming that the department has a responsibility there? If I am, then the minister will answer me.

Mr. CHEVRIER: I can answer that right away.

Mr. MACDONNELL (Muskoka-Ontario): May I first just ask a supplementary question? If the department is not responsible, then is it a matter of individual initiative for the riparian owner?

Mr. CHEVRIER: To answer the first question on navigable waters, the department has a responsibility with reference to aids to navigation and the keeping open of the channel; but it has no statutory responsibility with reference to the cutting of weeds.

Mr. MACDONNELL (Muskoka-Ontario): What is meant by "the keeping open of the channel"?

Mr. CHEVRIER: Keeping it open in the sense of having proper beacons, lights and aids to navigation to permit traffic to go from one end of the waterway to the other.

Mr. MACDONNELL (Muskoka-Ontario): But the minister would not suggest that that is what happened between Montreal and

Quebec? The department or whoever has the responsibility there keeps the channel open, free and available for the passage of traffic.

Mr. CHEVRIER: That is another matter altogether. From Montreal to Quebec it is a matter of dredging.

Mr. MACDONNELL (Muskoka-Ontario): Is a different principle involved there? Between Montreal and Quebec there is the responsibility to keep the channel open. At first blush, the minister's answer does not seem to be a good one, because actually between Montreal and Quebec much more has to be done than is suggested by us. I take it that it would be a much more difficult task to do dredging than it would be to cut weeds. I cannot yet see that the minister has given an answer to my question. If this is a navigable stream and particularly, as my hon. friend has said, where you have built wharves, is it not your responsibility to provide access to them? On the analogy of the situation between Montreal and Quebec, surely it is.

Mr. CHEVRIER: There is a distinction between the two. From Montreal to Quebec the department has dredged the channel to a certain depth—I think it is thirty-five feet—in order to keep it open for ships of certain draft. On the canal to which the hon. member for Peterborough refers, the situation is different. We do not usually take responsibility for cutting weeds on canals. We cut weeds on government property, on canal banks and the like. But cutting weeds for tourist purposes is not an obligation of the Department of Transport.

Mr. FRASER: It should be.

Mr. CHEVRIER: My hon. friend says it should be. That is another matter. With deference, I submit that it should not be. However, I shall be glad to have the matter looked into further.

Mr. MACDONNELL (Muskoka-Ontario): I may perhaps be stupid, but it seems to me that the minister has not at all explained to me this distinction. In each of these cases you have a navigable water. In the one case, as the minister has pointed out, the department has assumed responsibility for keeping open a channel thirty-five feet in depth, and it acts accordingly. In these other cases, particularly where a canal has been built or at any rate where there is a navigable water of which the department has charge—and which, as the minister says, has navigating lights where necessary—and still more so where wharves have been built to which access has been had, surely the minister does not say there is no responsibility there. What is the difference in principle between cutting weeds and dredging out clay or whatever it is? I cannot follow that distinction.

Mr. CHEVRIER: I am sorry if I am not making myself clear, but I hope I am when I state that there is no responsibility in the Department of Transport, as I understand it, to keep the water clear of weeds.

Mr. MACDONNELL (Muskoka-Ontario): I am sorry to persist; but why does the minister distinguish between weeds, let us say, and stones, clay or sand? What is the distinction? In the St. Lawrence you recognize that you must keep the channel clear. Why not in the Muskoka river? What is the difference?

Mr. CHEVRIER: The difference is as I have stated. The responsibility of the department is to keep the channel open for commercial traffic and not for tourist traffic.

Mr. MACDONNELL (Muskoka-Ontario): Oh, that is a new point. Is that in the act? Surely a navigable stream is a navigable stream, and surely if you build wharves you have some responsibility to assure access to them.

Mr. CHEVRIER: We do not build wharves in the Department of Transport. That is not our responsibility. We have never built wharves in the Department of Transport. They were built by others. We operate the wharves once they are built.

Mr. MACDONNELL (Muskoka-Ontario): All right. The minister must not become too legalistic on me, because he is better at that kind of thing than I am. Let us get back to the point. Let me retract what I said about the department's building wharves. Will the minister say whether I am correct in thinking that those wharves are dominion government property?

Mr. CHEVRIER: That is right.

Mr. MACDONNELL (Muskoka-Ontario): And am I correct in thinking that it is the duty of his department to maintain access to them? Is that correct?

Mr. CHEVRIER: That is correct.

Mr. MACDONNELL (Muskoka-Ontario): If weeds impede access to them, is it not your duty to take out the weeds?

Mr. CHEVRIER: I do not think weeds impede the access of ships bringing trade and commerce to a port. That is my understand-

ing of the situation. But that is not the point which the hon. member for Peterborough raised. He raised the point that weeds are impeding tourist craft and boats of that kind from coming in. He mentioned the stretch from Keene to Rice lake. I do not know just what the position of the channel is there. I am not familiar with that.

Mr. FRASER: It is about a mile long.

Mr. CHEVRIER: Is it on canal property?

Mr. FRASER: It was originally, yes.

Mr. CHEVRIER: It is probably connecting one canal with another.

Mr. FRASER: Rice lake runs from Hastings up to Bewdley, and Keene is on the north part of it, with the Indian river running down. The dock is up in there. Years ago all kinds of boats went up in there, including steamboats. Later on, there were launches. First there were naphtha launches and then gasoline ones. A gasoline launch cannot go up there now, because it would get tied up in the weeds.

Mr. CHEVRIER: It is not a navigable channel.

Mr. FRASER: It was.

Mr. CHEVRIER: It is not a navigable channel in the sense that ships bringing in a cargo come in there. How many feet deep is the channel?

Mr. FRASER: It would be as deep as you can make it. In some places the Trent canal has a clearance of six feet and in other places a clearance of nine feet. There would be no reason why you could not have a clearance of nine feet in there if you want it. Steamships 100 feet or more in length used to go up in there. At many other spots such as Harwood, Gore's Landing and Bewdley, the weeds should be cleared out. As I said before, thousands of tourists are going up in there. We are spending $650,000 or more to advertise for United States tourists. We must do everything possible to look after their interests when they get here. They are buying outboard motors which are manufactured in Peterborough. We want them to use those outboard motors. We want to keep the working men in Canada busy. We want to keep our plants going.

Mr. MACDONNELL (Muskoka-Ontario): I wish to add something to what the hon. member has said. I really do not believe the minister can seriously say that the department's responsibility is to keep these channels open only for a certain type of craft and that the summer craft, such as launches and so on, are to be distinguished from what I think the minister implied were more the commercial type of craft. In the broad sense, these summer craft are just as commercial as anything in the world could be, because they provide a great deal of business in the district. It is an obvious fact, as obvious as it can be, that if these waters become impassable, it may be a great detriment to the whole area. It is clear to me that these weeds must be kept down. The minister's argument that the department is not responsible for that seems to me, if I have understood him correctly, to be untenable; because what he says is apparently that weeds must be treated in a different way from the more solid obstacles which he removes in order to keep the channels open. I cannot believe that the minister intends to say this summer traffic, which, after all, is important to that whole area, is to be disregarded and that, in so far as the department is concerned, these waterways with docks on them which are government property are to be allowed virtually to become impassable. I cannot believe he intends to take that position, and yet that seems to be what he has said.

Mr. FRASER: I should like to send this document over to the minister. It is entitled "Waters to explore—the Trent." It is interesting, and I know it will be quite an education to him.

Mr. CHEVRIER: I have seen it, but I shall be glad to look at it again.

Mr. FRASER: I hope the minister will look into this weed cutting, because it means thousands of dollars to the people of Ontario.

While we are on this item of canals, I should like to mention once more the eyesore which still confronts us when we come into Ottawa, in connection with the concrete retaining walls of the Rideau canal. The department is doing some work on the walls, and I was wondering if that work would be continued until all the walls are straightened out and patched up where they were eaten away, and so on, and the banks fixed up. It is a very pretty spot, but it needs to be improved.

Mr. CHEVRIER: We are proceeding piecemeal with the repairs to the retaining wall to which my hon. friend refers. Last year we did some work; this year we are doing more. I believe a portion of the work is now complete, and there is an item of $25,000 in the estimates to provide for the continuation of this work.

Mr. FRASER: That is only a fleabite.

Mr. CHEVRIER: It may be only a fleabite, but we must proceed gradually. I think we have done very well in the last two years. A considerable amount of work remains to be done, and we propose to do it.

Mr. McLURE: While we are on this item of canal services, I should like to ask the minister what the gross revenue is from the operation of our canals. We have the expenditures here, but what is the gross revenue?

Mr. CHEVRIER: It is about a million dollars, roughly.

Mr. McLURE: That leads me to this point—

The DEPUTY CHAIRMAN: Order. We are now dealing specifically with item 46.

Mr. McLURE: That is all in connection with canal service, is it not?

The DEPUTY CHAIRMAN: No.

Mr. STOKES: I should like to ask the minister what provision is made for the removal of debris from the canals. I am now drawing attention to a condition in the Trent canal near the village of Frankford, directly in front of dam No. 6. A large amount of debris, presumably stone, covering an area of half an acre or more, has been deposited in the river, causing the main current of the stream to turn to the west and run over private property, damaging good garden land, the owner of which is not very well pleased. It seems to me that it would not be very hard to remove this material, because it is all loose. It was deposited there during high water. Probably the stone was raised up by frost and brought down, and it has been left in the middle of the stream in front of the dam.

Mr. CHEVRIER: I believe the hon. gentleman brought this matter to my attention last year. The position is that the equipment required to get rid of the debris to which he refers has not been available. We have it on hand now, however, and it is hoped that we may be able to remedy the situation during the course of the summer.

Mr. STOKES: Just in that connection, the man who owns the land told me, after I had been in consultation with the minister, that some official of the department came there and wanted him to sell his land. That official did not say anything about improving the condition.

Mr. CHEVRIER: I would hesitate to believe that an officer of the department would go there and ask this man to sell his land. If he did so, he was certainly acting outside his authority. I would not think that a proper thing for an officer of the department to do.

Mr. STOKES: I found it rather peculiar at the time; but the owner of the land is a responsible resident of the village of Frankford, and I would have every confidence in anything he told me.

[Mr. Chevrier.]

Mr. BLACK (Cumberland): This item provides an amount of $579,660, and the total of the items under canal service is $3,886,408. I want to point out to the committee that these expenditures are made almost entirely in central Canada. We in the maritime provinces have been overlooked pretty much since confederation. We have one canal project with which I am sure the minister is familiar, though I do not know that he has done much about it. I refer to the Chignecto canal.

Those of us coming from Nova Scotia, New Brunswick and Prince Edward Island have brought this matter before the house on different occasions since that canal and ship railway were projected. A subsidy was voted by parliament; and earlier in the session I made the estimate that if the money voted had been placed to our credit at compound interest it would amount by now to well on to $15,000,000. A subsidy for the completion of the Chignecto canal was cancelled for financial reasons; the builders were not able to complete their work within the time specified.

We do not object to these canals in central Canada, and we realize that it is necessary to maintain them. They are used for transportation purposes. With the canals, the river services and the lake services, manufacturers and shippers in central Canada are able to get cheap transportation. The railways have put competitive rates into effect, and this portion of Canada gets the advantage. We have no canals, though we are entitled to them; we have no such competitive rates, so that we have to pay the regular freight rates.

In view of our claims; in view of the fact that this undertaking was being dealt with before confederation and at the time of confederation; in view of the fact that a subsidy was voted in order to provide this service across the isthmus of Chignecto, I ask the minister and his department to take some action to advance the project. I ask him to see that surveys and estimates are prepared, and that a practical investigation is carried out as to the cost today. The maritime board of trade, the maritime mayors, members of parliament, newspapers and so on in recent months have been placing before the minister and the public the claims of that part of Canada for some consideration; and I make another appeal today. Since I have been here, I have brought up this matter on many occasions, and again I ask the minister and his department to deal seriously with this question and to take some action, so that we may have the benefit of modern transportation facilities across the isthmus of Chignecto.

Mr. BROOKS: I rise to second the remarks of the hon. member for Cumberland. It is not necessary to speak at length at this time, because this matter has been raised on numerous occasions by members from the maritime provinces. I must say, however, I cannot find myself shedding any tears for the failure to remove obsolete canals in Ontario, so long as canals are being neglected in the maritime provinces. It was all very well for Ontario to have pleasure excursions, scenic beauty and places for the boys to go swimming, but we in the maritime provinces are asking for canals which would be of some benefit to the maritime provinces and to the whole of Canada.

As the hon. member for Cumberland has pointed out, the rest of Canada, particularly Ontario, owes the maritime provinces a great debt, so far as canals are concerned. Those canals in Ontario were not built by the province; they were built by the federal government, and the maritime provinces contributed many millions of dollars. Now that those canals have become obsolete, and when at the same time there is an opportunity to build a canal which would be of some commercial benefit to the country, I suggest that some of this $4,000,000 be taken to construct the Chignecto canal, which I sincerely believe would be of great benefit to the whole country.

This matter has been before the house on many occasions and has been discussed by all members from the maritime provinces. As the hon. member for Cumberland has stated, our press has given a clear outline of the possibilities, and the great help such a construction would be to commerce in this country.

One of the finest things the Minister of Transport could do would be to begin construction of the Chignecto canal. If he were to do so, I know his name would go down in the history of our part of the country and, I believe, the rest of Canada, as being a most efficient minister in his department.

Mr. ISNOR: I have heard of a game in which, if you hold two cards of the same kind, and then add another, your position is considerably strengthened. I am not as familiar with that game as some others might be, but in this instance when two aces are showing I should like to add my strength, and to put in my word for further consideration of this project.

In the past I have not urged this to any great extent, because I considered there were some features which might not be entirely in the interests of certain sections of Canada. I am always a little careful in connection with disturbing interests certain sections hold. I have in mind particularly the shipping of the great port of Halifax. I can see where, at great expense, the proposals now made might operate to the detriment of Halifax.

At the same time I am in accord with the thoughts expressed by the hon. members for Cumberland and Royal, and I hope the minister will look into the matter to ascertain whether this would be a wise expenditure, and whether the project is feasible. Anything the minister can do in connection with this or any other project which will help transportation and give us greater possibilities in trade with central Canada should be looked into.

Mr. McLURE: I rise to support what has been said by the hon. members for Cumberland and Royal in connection with the building of the canal. If that canal service is put through, perhaps it would be of greater benefit to the farmers of Prince Edward Island than to any other group in Canada, and especially in the maritime provinces. Therefore I gladly endorse what the hon. members have said.

The minister has just said there is a revenue of about a million dollars from the canals. I notice that the remaining expenditures are not charged up as a deficit, but that they appear in the public accounts as a service. I would draw to the minister's attention the different circumstances which apply to the ferry service to Prince Edward Island, which is a much greater revenue producer than are the canals. When the accounts are balanced a deficit is charged against Prince Edward Island, or against the service. I say it should appear in the public accounts in the same manner as this is shown, namely a service paid by the federal treasury.

I would endeavour to impress this upon the minister, so that at another time when public accounts are being made up, the word "deficit" would be deleted, where it applies in respect of the ferry system between Borden and Tormentine, and that it should appear as a canal service. It is a service which we purchased in 1873 and for which we paid highly. Why should it now be charged as a deficit?

Mr. BLACK (Cumberland): I should like to have a statement from the minister. When we sit opposite him we get the impression that he understands the representations we make, and that he is in sympathy with us. If his name is identified with the construction of the Chignecto canal he will have shown his administrative capacity and his control of his department.

The matter has been discussed today by hon. members from the maritime provinces, and I shall not be content with only a smile or a good-will greeting from the minister.

I want a statement from him in which he sets out his attitude toward the construction of the Chignecto canal, always keeping in mind the three or four hundred million dollars already expended in central Canada, and the further fact that in the estimates now before us there is an appropriation of $3,886,408 for the canal service. What is the minister's attitude toward the Chignecto canal?

Mr. CHEVRIER: The hon. member has inquired about two things. His first question was whether all the sum voted for canal purposes, operation and maintenance, is in respect of canals in Ontario and Quebec. The answer is yes, with the exception of a small expenditure of about $20,000 on the St. Peter's canal in the maritime provinces.

With reference to the Chignecto canal, the hon. member has made representations about this before, and he made them again this year on these estimates. Representations have been made also by the hon. member for Royal.

All I can say is that I have received many representations from bodies in the maritime provinces, and that I am sympathetic to these representations. No minister of transport who has at heart the opening up of transportation facilities could be anything but sympathetic. However I have to look at the position as I find it on the record. The hon. member unquestionably knows that down through the years many surveys and reports have been made concerning the advisability, the feasibility and the economic advantages and disadvantages of constructing the Chignecto canal. Surveys were made as far back as 1822, and I think there have been eight or ten altogether.

Mr. BROOKS: When was the most recent one made?

Mr. CHEVRIER: In 1931. That was made by virtue of an order in council appointing a commission to inquire into the Chignecto canal project. I have the report before me, and the recommendation on page 11 reads:

> Having regard to transport facilities already available in the maritimes area, we cannot see where any interest would suffer were the Chignecto canal project to be permitted to stand in abeyance until it can be further examined in the light of future developments in Canada's economic situation.

Mr. BLACK (Cumberland): What is the date of that?

Mr. CHEVRIER: 1931. Of course that recommendation was not detrimental or opposed to the building of a canal; it simply stated as a conclusion that, having regard to all the circumstances, the commission could not see where any interest would suffer if the matter were allowed to stand.

[Mr. Black (Cumberland).]

Mr. BROOKS: That was at the height of the depression.

Mr. CHEVRIER: That was many years ago, in 1931. It may well be that economic conditions have changed to such an extent that another survey would be warranted. The hon. member suggests that we begin construction immediately, but I think he will agree with me that, before that is done, we should look at it by way of a survey or investigation along the lines of that carried on previously and having regard to the position as it now is. I am not prepared to state that it is possible to do that at this time, neither am I prepared to state that we would not do it. However, I can say that I shall be glad to look into the matter again in the light of the position as we find it now. I would have to consult my colleagues in the government to ascertain whether it would be advisable to appoint another commission to see if, because of changed conditions, it would be practical to consider the construction of the Chignecto canal.

Mr. MacNICOL: As one friendly to any proposal which will assist in the economic advance of the maritime provinces, I am glad to hear what the minister said a moment ago, that the matter of the Chignecto canal will be looked into again. He said it had been discussed since 1931, but it goes back much farther than that. I was interested in reading some of the reports made in the early days of the French regime. The French administrators strongly recommended to their government in Paris that a canal be cut across the isthmus.

A couple of years ago I had the pleasure of covering more or less all that area in company with the hon. member for Cumberland. There are many good vantage points from which one can see the isthmus, and I remember remarking at the time that the early French pioneers deserved a lot of credit for the vision they had.

There have been many engineering advances made since the last report was presented. I read over the report; in fact I took it with me on my last survey of the isthmus. While it would not be the easiest engineering feat to perform, it can be performed. Our United States friends had a somewhat similar problem in connection with the canal they cut across the Cape Cod isthmus. One of their main engineering problems was to keep the sides from falling in, but they overcame that. Another problem was caused by the six-foot tides. During one portion of the day there

would be six-foot tides at the west end of the canal, while for the other portion of the day there would be six-foot tides at the east end.

They overcame all the difficulties, and that canal is now providing a fine service. It is a good commercial canal, and they have a couple of large bridges which lift up to let ships go through, but it is also of strategic importance. I doubt very much, if the United States had to do it over again, they would wait as long to build that canal as they did.

The Chignecto canal would not be only a commercial canal; it would be of strategic value to Canada. It would render great service to commerce in the bay of Fundy and to "the island." The hon. member for Queens will not listen to anyone who calls it anything but "the island." Everyone is supposed to know what is meant when you say "the island." It is a beautiful island. If the canal were opened up it would bring Charlottetown much closer to Boston and by a route that would be comparatively safe. Has the minister been across the isthmus?

Mr. CHEVRIER: Yes.

Mr. MacNICOL: I would like to be there with him if he is going again.

Mr. CHEVRIER: The hon. member followed me quite closely on his last trip.

Mr. MacNICOL: I think we were there about the same time. It is an intensely interesting trip, especially to anyone interested in engineering. The Cape Cod canal is about fifteen miles long and it takes much larger ships than it is proposed would pass through the Chignecto canal. Then the United States propose building a sea-level canal across the Panama isthmus. Anyone interested in the building of the Chignecto canal would find many things of great value in the engineering works proposed for the new Panama canal. In order to take care of tides that run as high as twenty feet on the west side, they propose building a gigantic lock dock. On the west side, ships entering from the Pacific ocean, say on a twenty-foot rise of tide, would be lowered down to the canal level in the lock dock and sail to the east side of the isthmus; and similarly boats travelling west would enter the lock dock and remain until they could get out into the Pacific ocean. Some such lock dock as that would be necessary, I am satisfied, in connection with the Chignecto canal. If I remember correctly, an engineer—I have forgotten his name—did plan building a railway across the isthmus and he projected the route. I went over it, and I have nothing but praise for those who engineered that route, which was for the purpose of taking ships across on a railway. The proposal was to build an entrance lock dock on the west side, into which the ship would rise up and go down with the rise and fall of the tide.

To close the argument, I assure the minister that I shall be glad to support any estimate he brings in for building the Chignecto canal and will be as much help to him and to whoever has to do with the proposed works as I can be. I am firmly convinced that a canal across the Chignecto isthmus would be a great thing for the maritime provinces. It would mean, for instance, that ships could load up on the bay of Fundy with Joggins coal or Springhill coal. They would not need to be ships of a capacity to go out into the ocean, but 2,000 to 5,000 tonners, which could load up on the bay of Fundy, sail through that canal and go right up to Montreal and Toronto. It would be a great thing for us, too, in the central provinces, because we would load the ships up with products to send back to the maritimes, so that there would be commerce both ways. I hope that the minister will look into the matter carefully and consider also the strategical angle. This country is becoming more and more interested in international affairs and if it ever became embroiled in another world war, just fancy what the Chignecto canal would mean to our warships and to United States battleships coming to assist us in the defence of the gulf of the St. Lawrence. The minister should take up that question with the defence department and invite them to come in and help build the canal not only as a commercial canal but also as a strategic canal.

Mr. HODGSON: The Trent valley canal is more important today than it ever was dreamt of being forty years ago. I can show the minister tourist resorts along the Trent valley canal, in which a great deal of money has been invested and which are bringing more money into Canada in one year than was thought of as possible in ten years, some forty years ago. There is a lot of work to be done on that waterway. It is without doubt the greatest tourist resort of any place in Canada. The minister should think of it in terms of tourists rather than in terms of commerce. It is of great importance to Canada to keep these waterways open for tourist traffic, and docks should be built at different places. I do not know whether that would come under the minister's department, but probably he could requisition the public works department to have money spent all along the Trent valley canal at places like Cameron lake, Sturgeon lake, Blossom lake, lake Simcoe, and throughout all that area

where tourist resorts abound by thousands, and thousands more can be accommodated there if his department does the things it should do.

During the war period I have no doubt that the department was busy with other things, but the war has been over now for three years, and we are looking for developments and for money to be spent along the Trent valley canal which will bring thousands of tourists to Canada, to the benefit of our own economy. If the minister would come up to that part of the country I should be glad to meet him with a boat and give him two weeks holidays in the greatest land of beauty there is in this whole dominion.

Mr. CHEVRIER: I would not want the hon. gentleman to think from any remarks of mine, and I am sure he did not get that impression, that we in the Department of Transport do not give the canal the attention it so well deserves. If my hon. friend will only look at the estimates he will see that we spend a considerable amount of money on the canal each year, and there is also a great deal of revenue coming to the department from the canal. We are spending $347,000 this year on operations and another $84,000 on improvements, which is far more money than is spent on some of the more eastern canals in Ontario. I can assure my hon. friend that we do not intend to neglect the canal, nor have we been neglecting it in any way.

Mr. HODGSON: I hope the minister will keep on spending money there for a number of years, because it is required.

Mr. CHEVRIER: We intend to.

Mr. MACDONNELL (Muskoka-Ontario): I come back to the subject of weeds, in which the minister is not as much interested as I am. Weeds, although humble, have their uses and abuses. The minister has made a distinction that I do not think he will stick to. He has divided navigable streams into two categories; those on which what he called commercial vessels ply, and those on which other kinds of vessels ply. I have here a very large dictionary, and I am going to read a definition of what a navigable river is. It has nothing to do with the kind of ships that ply on it. The definition is: "A river fit to be navigated". These waters we are talking about would be fit to be navigated if the weeds were not allowed to accumulate through the negligence of some government department. I am not sure which department it is, and the question I want to ask the minister is this: Have these weeds in the past been cut by any department? I understand that they have. Would the minister answer that first? I understand that these weeds have in times past been cut. The obligation to do so was recognized, and it is only of late years that neglect has arisen.

Mr. CHEVRIER: I should perhaps put the position a little more clearly. What I said a moment ago, and if I did not say it I certainly intended to convey that impression, was that there is a doubt in my mind as to the responsibility of the Department of Transport to cut weeds. My hon. friend would like me to make a statement that there is no such responsibility or that there is such responsibility.

Mr. MACDONNELL (Muskoka-Ontario): I should like to know one way or the other.

Mr. CHEVRIER: I will not say one way or the other. I am making the statement now that there is some doubt in my mind. I do not think I need go any further in explaining the doubt. It is a legal question. That perhaps might have some importance or not; but there is in my mind some doubt, and, that being so, I am sure that the hon. gentleman would not want me to make a statement in so far as the responsibility of the department is concerned which I could not later substantiate.

Mr. MACDONNELL (Muskoka-Ontario): I want the minister to clear up the doubt now.

Mr. CHEVRIER: I cannot.

Mr. MACDONNELL (Muskoka-Ontario): Why not?

Mr. CHEVRIER: Because there is doubt in so far as the legal position is concerned. The weeds are there. Do they impede navigation? Do they impede navigation as we understand it in the Department of Transport? I am not familiar with the particular case to which my hon. friend refers and, without knowing the facts, I do not intend to make a statement on it.

I said to the hon. member for Peterborough West a moment ago that, in so far as the particular position was concerned, I would be glad to have it looked into. There are weed cutting apparatuses which can be purchased. I do not know what they cost. Perhaps they are fairly costly. I do not know what the position is. I cannot add anything other than what I have said, namely, that I shall be glad to look at the position from Keene to Rice lake, a channel of some six miles long.

Mr. FRASER: One mile.

Mr. CHEVRIER: I think there are one or two other places.

Mr. FRASER: And also Little lake.

Mr. CHEVRIER: There are one or two other places in the vicinity, but I cannot say more than that.

Mr. MACDONNELL (Muskoka-Ontario): Is the minister to leave us in this position? Is he to tell us that he cannot answer a simple question? He says there is a legal difficulty. What is the Department of Justice for if it cannot solve the difficulty? The minister also used this phrase, "Navigation as we understand it in the Department of Transport." As I understand the minister, he keeps that a closely guarded secret, and he will not tell us what it is. I have not been able to discover what the understanding of navigation is in the Department of Transport. I submit to the minister that it is reasonable for us to ask him to define navigation as it is understood in his department, because this is a matter of considerable substance to the people who live in the tourist areas. It is not academic. I am not hair-splitting. I have had people anxiously consulting me with regard to the same question. We are entitled to an answer on this. Surely the minister is not going to say that there is a legal difficulty. If he does not want to answer the question now, all right; let him answer it tonight or tomorrow or whenever he is prepared to do so. I do not think he should tell us that no answer can be given.

Mr. CHEVRIER: I did not tell the hon. member that no answer can be given. I have given my answer. I am telling him that there is some doubt in my mind as to the responsibility of the Department of Transport to cut weeds. My hon. friend asks what the Department of Justice is for. I suppose I could consult the Department of Justice. I have no objection to doing that; I shall be glad to do it. I cannot give a categorical answer to that.

Mr. MACDONNELL (Muskoka-Ontario): I am not suggesting that the minister should answer before he is ready. I am only asking him not to leave us in that position.

What is the division of responsibility between public works and transport in this regard? Is there some responsibility on public works?

Mr. CHEVRIER: The responsibility on public works is to build the wharves. Once they are built, we maintain and operate them, except for small expenditures of under $5,000. Public works is responsible for certain dredging, but I do not know that that would include the cutting of weeds, although I cannot speak for my colleague.

Mr. FRASER: The minister mentioned weed-cutting machines. Some years ago the Department of Transport did look after the weeds. They used to use the old chain method, which is efficient. That has been used for some time on the river at Keene. It used to be used on Chemong lake and was effective, and also in other parts of the Trent canal. The chain method worked very well, and it does not cost very much. They can do a long stretch in a day.

Mr. HODGSON: Did I understand the minister to say that the Department of Transport is responsible for docks under $5,000?

Mr. CHEVRIER: I did not put it in that way. I said the Department of Public Works constructs the docks and wharves, and we maintain and operate them; but expenditures on wharves or docks up to $5,000, I understand, are the responsibility of the Department of Transport. My officer corrects me now and tells me that it is even lower than that. It is expenditure up to $50. There is an item of $5,000—perhaps that is how I got confused—for such repairs up to $50.

Mr. MacNICOL: Perhaps I can add a word to help the minister arrive at a satisfactory answer to the hon. member for Muskoka-Ontario. The Muskoka river which the hon. member has in mind is at the head of navigation. But not only that; the railway ends there, and the ship which navigates through the lakes is loaded at that point. It delivers all sorts of freight of one kind and another and takes it to various tourist points on the lake. If the weeds are obstructing that channel which is as sinuous as a snake, and it might be possible because of the turns in the river, although the water is otherwise deep enough that weeds would grow as they would do, if they are extending out into the channel, it should not be much of a job to clean them out. The weeds would be an obstruction, not only to a fair-sized boat but also to the power boats. Many power boats come into Bracebridge, load up with material and take it up the lake. I have often boarded a boat there myself for a tour around the lakes. It is an important tourist centre, an important tourist route, and an important tourist lake. If the minister is not familiar with it, perhaps he will take some advisement from me. If he does I am sure he will acquiesce in what my hon. friend asks for. If the weeds are there they should be cut.

Mr. MACDONNELL (Muskoka-Ontario): If the minister is going to let us know what he considers to be the responsibility in respect of those navigable waters, and also his defini-

tion of navigable waters, I am ready to let the matter go on that understanding.

Mr. CHEVRIER: I shall try to get the information on both counts and give it at eight o'clock. I do not know whether I shall be able to get it then, but I shall get it as soon as I can.

Item agreed to.

Marine service—
477. To provide for breaking ice in Thunder bay, lake Superior and other points deemed advisable in the interests of navigation, $30,000.

Mr. BLACK (Cumberland): I have one matter that I wish to bring to the attention of the minister. Perhaps we had better leave it until eight o'clock.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The DEPUTY CHAIRMAN: When the committee rose at six o'clock they were considering item 477. But the hon. member for Cumberland wished to speak on item 474 just for a moment.

Mr. BLACK (Cumberland): I wish to thank you, Mr. Chairman, for allowing me to say a few words in connection with aids to navigation under the general heading of marine service. A large amount of money, namely, $3,387,234, is involved. We in Nova Scotia are greatly concerned in these services. We have many lighthouse keepers and these men are the guardians of our shipping. They are on duty day and night the year round in most instances. They perform a necessary and, in many instances, a self-sacrificing service. We have a great deal of sympathy for the mail carriers with respect to their duties and their remuneration. I feel that like consideration is not given to the claims of our lighthouse keepers.

I have in my hand a communication from one of them in my own county. He is Vance F. Barteaux, Cape d'Or, Advocate Harbour, in the western portion of Cumberland county jutting into the bay of Fundy where the tides are high with dense fogs and where there is heavy shipping to both Minas basin and Cumberland basin. This lighthouse keeper has been in the service for twenty-eight years. His station is partly isolated. Although he is on the mainland, he is a distance off the main highway. The roadway which serves this lighthouse is almost completely neglected. I appeal to the minister to have this case looked into, and have the roadway serving this lighthouse put into a better state of repair than it is at the present time. The roadway serving the lighthouse is owned by the federal government, while the road leading up to it may be part of the provincial highways. Anyway, it has been neglected and should be placed in better repair.

Then I should like to make an appeal to the minister, on behalf of this lighthouse keeper and all other lighthouse keepers, that more attention be given to their living quarters. They and their families must live in quarters, which have been more or less neglected. They should have bathrooms and sanitary facilities. They should have electric lights. There should be an extension of the rural electric services; or if that is not possible, there should be some separate diesel electric systems installed for lighthouses such as these. A rural electric service has been established at Advocate Harbour, within a short distance of this lighthouse. I feel that the lighthouse keeper should have the advantage of this modern facility, and believe that it would be an added advantage for the protection of shipping.

While I am dealing with lighthouses in the province from which I come, I should like to refer to the range light at Pugwash. That was burned down a number of years ago. At the present time there is just a stick or pole with an electric light. It has a most disgraceful appearance for a structure under the control of the minister's department. I am sure that if the minister saw it he would not tolerate it.

Mr. CHEVRIER: When was it burned down?

Mr. BLACK (Cumberland): I think it was during the war.

I should also like to point out the necessity of improving the channel serving Pugwash harbour. I am pleased that the Minister of Public Works is in his seat at the present time. He will be equally concerned with the Minister of Transport in this matter. The Minister of Transport is responsible for shipping and transport, while the Minister of Public Works will have the responsibility of doing the actual work of widening and improving the shipping channel. I doubt if as much shipping, at as little expenditure of public moneys, has gone through any other harbour in Canada as has gone through Pugwash port, since confederation. In recent years, especially during the war, steamers plying in and out of that port have become larger, and are having more difficulty in navigating the channel. The channel is deep enough, but there are bends where dredging is badly needed. There should also be work done in deepening the outer

part of the harbour, at the bar. At the present time the harbour will take a steamer with a 22-foot draft. Ordinarily this is a safe harbour, but the captains and the pilots, who have a great responsibility, should have a better chance to give their ships safe entrance and safe exit. I therefore appeal to the Minister of Transport and to the Minister of Public Works to give this matter special attention. I have spoken to the Minister of Public Works and he has assured me that his department has it under consideration. I hope that some dredging can be done there this year. A large volume of shipping uses Pugwash harbour. This is an expenditure which is well warranted.

Mr. CHEVRIER: I am glad to give my hon. friend the assurance that I will look into the case of the lighthouse keeper to whom he has referred, as well as the condition of the place in which he lives.

As far as the light at Pugwash is concerned, I have no information as to why it was not rebuilt and put back in proper condition. I presume the explanation is that during the war years it may have been found impossible to rebuild it, but I can see no reason why that should not be done. I shall look into the matter and advise my hon. friend.

Mr. ISNOR: I wish to support the views expressed by the hon. member for Cumberland, not in reference to any individual case but rather on the general picture as far as the lighthouse keepers on the Atlantic coast are concerned. I have already dealt with the difficulties under which they operate, and I should like to ask the minister whether there has been any reclassification of the salaries of these men. While the minister is saying whether or not there has been any up-grading of salaries, he might also deal with the question of the lighthouse keepers who do not come under the civil service regulations concerning pensions. I refer particularly to the lighthouse keepers in the lower brackets who, after serving for from twenty-five to forty years, are retired without any consideration whatever. On their behalf I make the plea that, instead of these men being retired without any provision for their maintenance, as is the case at present, some method should be devised by means of which they would be given a retiring allowance.

Mr. CHEVRIER: As far as lightkeepers are concerned, I have to tell the hon. gentleman there has been no general reclassification. But there has been an upward revision in the salaries of most classes of lightkeepers.

Mr. ISNOR: Could you give us the salaries?

Mr. CHEVRIER: It is a long document to place on *Hansard*. Class 1 has been increased from a range of $3,000-$3,300 to—

Mr. ISNOR: It is those in the lower brackets I am particularly interested in, the men for whom no provision is made. The $3,000 man is entitled to superannuation.

Mr. CHEVRIER: I thought the hon. gentleman was dealing with two questions, first, in connection with the reclassification or up-grading of lightkeepers under the civil service and, second, as to what provision has been made for superannuation of others not under the civil service.

Mr. ISNOR: Then give us a couple of classes.

Mr. CHEVRIER: In class 1 there has been an upward revision from a range of $3,000-$3,300 to a range of $3,480-$3,780.

Mr. ISNOR: May I ask how many would be in that class?

Mr. CHEVRIER: I can get that information in a moment.

Mr. ISNOR: Not very many, I imagine.

Mr. CHEVRIER: Then let me take class 3, where there has been an upgrading from a range of $2,280-$2,580 to a range of $2,580--$2,880. In class 10 the up-grading is from a range of $900-$1,080 to $1,200-$1,380; class 11, from a range of $540-$600 to $660-$720; class 12, from $480-$540 to $600-$660. As to the other question concerning those not covered by the civil service, I presume they would be part-time lightkeepers, and there is no provision for superannuation.

Mr. ISNOR: Do classes 10, 11 and 12 come under the civil service?

Mr. CHEVRIER: Yes.

Mr. ISNOR: The $660 man comes under the civil service?

Mr. CHEVRIER: Yes.

Mr. MACDONNELL (Muskoka-Ontario): I wonder if I might ask the indulgence of the committee to direct a question to the minister in regard to item 468. We were galloping along so quickly just before the dinner recess that I missed it. I wanted to ask the minister to say a word in general as to whether studies are still proceeding in this connection, or just what we are continuing to do here. I take it that these expenses in connection with the St. Lawrence ship canal have to do with the portion west of Montreal.

Mr. CHEVRIER: Last year and again this year an amount has been set aside for the study of the St. Lawrence scheme in general. The explanation I have here is that it is to provide for the continuation of the work now under way in connection with the review of plans and estimates of cost of the various sections of the proposed deep waterway, as well as for the completion of the work now being carried on by the board of engineers for the Lachine section. That is a board which was appointed a short time ago. I thought it was this year, but I am told it was appointed in September of last year. The object in appointing the board was to ascertain whether the scheme of 1926, of the joint board of engineers, is practicable today; to ascertain also whether the scheme could be carried out as a joint navigation and power scheme, and what the cost of a separate navigation scheme would be as compared with a joint power development and navigation scheme; and further to bring the costs up to date and in line with the more recent costs of the international section of the waterway.

Mr. MACDONNELL (Muskoka-Ontario): Then would the minister answer just one further question. Are the changes which have taken place physical or other changes which might invalidate the previous report?

Mr. CHEVRIER: No, Mr. Chairman. The previous report recommended a navigation scheme only in the Lachine section, but not a power development; whereas in the international section it was a joint scheme. Recently in the international section costs were brought up to date by United States and Canadian engineers, and this board sought to ascertain whether it would be more practicable to have a separate navigation scheme and a separate power scheme, or a joint scheme; and they have not yet reported.

Mr. BURTON: This item has to do with breaking ice in Thunder bay, lake Superior "and other points deemed advisable in the interests of navigation," and in view of that rider which has been tacked on, I want to ask the minister a question. What provision has been made for the keeping of records in connection with the possibility of having navigation into Hudson bay during a greater portion of the year? In discussing this question with the captain of the first ship to enter the strait during the past season, a number of us were told that when he entered the strait there was absolutely no sign of ice either to the naked eye or through the use of radar equipment, that everything was in such condition that he was satisfied he could have entered the strait much earlier than he did. We also discussed the matter with some of the residents at Churchill, some of whom had lived there prior to the building of the railway. They told us that the mouth of the river was free of ice for a much longer period than that covered by the navigation season. So, if possible, I should like the minister to give us a little resume of any steps the department may be taking to help lengthen that navigation season, which, in view of my information, would seem warranted.

Mr. CHEVRIER: This item provides for the breaking of ice in Thunder bay and is not an expenditure for the Hudson bay area. If my hon. friend wishes to bring that up when we are dealing with the Hudson bay item, it will be satisfactory.

Item agreed to.

Marine service—

480. Life-saving service, including rewards for saving life, $191,285.

Mr. FRASER: Why is there an increase of $124,915?

Mr. CHEVRIER: The reason for the increase is the cost of two new lifeboats and the necessary equipment. One is at Bamfield, British Columbia, and the other at Little Wood island, New Brunswick.

Mr. FRASER: Are these both power boats?

Mr. CHEVRIER: Yes.

Item agreed to.

Marine service—

481. To provide subsidies for wrecking plants —Quebec and British Columbia, $65,000.

Mr. MACDONNELL (Muskoka-Ontario): Are those subsidies payable to dry docks?

Mr. CHEVRIER: They are contracts entered into by the Department of Transport with the Quebec Salvage Company in respect of wrecks on the St. Lawrence, and the Pacific Salvage Company for wrecks on the Pacific coast.

Mr. MACDONNELL (Muskoka-Ontario): Is that a sort of stand-by fee to have the service available? Is it necessary for the government to subsidize in order to have this service? Cannot the business carry its own load?

Mr. CHEVRIER: It is necessary to subsidize to the extent of entering into a contract. It is a form of insurance.

Mr. ISNOR: For many years we had in Nova Scotia a company operating from Halifax, which at one time, if I remember cor-

rectly, enjoyed a subsidy of $10,000 and, at another time a subsidy of $20,000, while on the Pacific coast the amount was $25,000, and Quebec had a subsidy of $40,000. Why was it necessary to do away with the subsidy paid to the firm in Nova Scotia.

Mr. CHEVRIER: I am afraid I shall have to ask my hon. friend to let me get the information for him. My officers tell me the contract to which he refers is not within their term of office in the department. It must be some years back.

Mr. ISNOR: I do not know how long the officers have been with the department, but certainly, since I have been a member of the house, $10,000 was paid at one time to the Maritime Foundation Company. Because of the need for the service, the amount was raised to $20,000. I am not so much concerned about the amount as I am with the service for the Atlantic coast, particularly that portion north of Cape Breton through to Newfoundland. It is a dangerous section and one which should be serviced as carefully as other places in Canada.

Mr. CHEVRIER: I would ask the hon. member to allow me to get the information for him. If I can get it before my estimates are completed, I shall be glad to do so.

Mr. ISNOR: I shall be happy to allow the minister to look it up, in the hope that he will consider the request I am placing before him.

Item agreed to.

Marine service—

484. Steamship inspection and the carrying out of the provisions of the conventions for the safety of life at sea and load lines, $284,400.

Mr. FRASER: Are these inspectors kept in the same districts all the time, or are they moved from place to place?

Mr. CHEVRIER: Steamship inspection officials are maintained at points such as Toronto, Montreal, Kingston, Midland and Collingwood, and, when required, they move from those centres to various other regions where steamship inspection is required.

Mr. FRASER: I remember some few years ago a certain steamship was inspected. Not long after the inspection, I went aboard and I would not have put a dog in one of their lifeboats. They were not safe. The man who did the inspection is dead. I wonder if a proper check is made?

Mr. CHEVRIER: I cannot comment on the particular case to which my hon. friend is referring.

Mr. FRASER: I understand that.

Mr. CHEVRIER: If in the hon. member's estimation there was a breach of regulation I should be glad to look into the matter. I do not know the details. However, the inspection branch of the department have regulations under which they operate, and by which they must abide. They must see that a ship is not given a certificate or allowed to sail unless it has the required equipment and is in seaworthy condition.

Mr. FRASER: Are these inspectors wholly employed by the government?

Mr. CHEVRIER: Yes.

Mr. FRASER: They are not allowed to do other work?

Mr. CHEVRIER: No.

Mr. FRASER: Some inspections used to be made by men who were known as inspectors, but who at the same time had other occupations.

Mr. CHEVRIER: Not since I have been in the department.

Mr. FRASER: No; that was some time ago.

Mr. CHEVRIER: Probably so; I am not able to answer the question.

Item agreed to.

Marine service—

486. River St. Lawrence ship channel—contract dredging in the St. Lawrence river and Montreal harbour, including cost of administration—capital, $3,492,000.

Mr. MACDONNELL (Muskoka-Ontario): What is the explanation of the large increase for contract dredging?

Mr. CHEVRIER: This is a contract which provides for the dredging of the St. Lawrence river from Montreal harbour to some forty miles below Quebec. The item appears by virtue of a contract which has been entered into, the provisions of which cover the widening of the channel to a certain width. It varies from 550 feet to, in some places, 1,500 feet, on the curve, and to a depth of thirty-five feet. The contract was entered into, providing for the expenditure of a certain amount of money over the years.

The reason for the increase is that it is expected for this year it will be possible to spend more money than last year, on account

of the fact that last year the company was late in getting started. The engineers of the ship channel feel that it would be possible for the company to do this amount of work in the coming season.

Mr. MACDONNELL (Muskoka-Ontario): This is a contract which is let out?

Mr. CHEVRIER: Yes.

Mr. MACDONNELL (Muskoka-Ontario): How much of it is administrative, and what is the significance of the expression "including cost of administration", when the contract is let out?

Mr. CHEVRIER: I do not think any of it is administration.

Mr. MACDONNELL (Muskoka-Ontario): It says so.

Mr. CHEVRIER: It is by contract price.

Mr. MACDONNELL (Muskoka-Ontario): Perhaps the minister will read it. It states:

River St. Lawrence ship channel; contract dredging in the St. Lawrence river and Montreal harbour, including cost of administration.

Mr. WEBB: Is this all the dredging that is proposed to be done this year on the St. Lawrence?

Mr. CHEVRIER: Yes. I am afraid I shall have to ask my hon. friend to allow his question to stand, and I will get the answer as quickly as possible.

Item stands.

Marine service—

487. River St. Lawrence ship channel—administration, operation and maintenance, $495,278.

Mr. MACDONNELL (Muskoka-Ontario): The same question of administration arises. I am particularly interested because this is another item covering the river St. Lawrence ship channel, administration, while item 486 also includes the cost of administration. How much of item 486 is administration?

Mr. CHEVRIER: The St. Lawrence ship channel administration has its head office in Montreal. There is an engineer in charge with a staff, and his business is to supervise the dredging in the St. Lawrence. He also has certain other duties, such as looking after the signals service and crews of certain ice-breakers and other vessels required in the maintenance and upkeep of the ship channel. That item includes the cost of administration and the operation of the ship channel fleet.

Mr. MACDONNELL (Muskoka-Ontario): I want to follow that item of administration for 1947-48.

[Mr. Chevrier.]

Mr. CHEVRIER: The amount for administration for 1948-49 is $495,278, made up as follows:

Salaries and wages	$142,096
Overtime	6,100
Allowances board	25,965
Printing and stationery	1,000
Fuel	40,400
Materials and supplies	21,000
Repairs and upkeep of equipment	49,800
Sundries	6,692
Dredge maintenance	200,000

Mr. MACDONNELL (Muskoka-Ontario): Might I have the figure for salaries for 1947?

Mr. CHEVRIER: Salaries, $128,235, an increase of $13,861.

Mr. MACDONNELL (Muskoka-Ontario): It is understood that this question of administration will stand over under item 486?

Mr. CHEVRIER: Yes.

Mr. BLACK (Cumberland): I understood that dredging came under the Department of Public Works.

Mr. CHEVRIER: That is so, but this is a separate job that was delegated to the Department of Transport when dredging in the St. Lawrence was first started. It dates back some years. I do not know just when the first contract was given, but at first the channel was deepened to twenty feet; then it was deepened further until now it is thirty-five feet below the low-water level datum of 1894.

Mr. BLACK (Cumberland): Could we delegate the straightening of the Pugwash channel and its deepening in certain places to the minister's department? He has a large appropriation and, if the minister will assume that responsibility, I should like to assign it to him.

Mr. CHEVRIER: I would have no objection to accepting it, but I am afraid that is a matter still under the jurisdiction of the Minister of Public Works. I gave the reason why this was assigned to the Department of Transport. There was formerly a fleet of dredges under the department. I do not know that it would be proper for this department to take on dredging jobs elsewhere, because we would be interfering with the jurisdiction of another department.

Mr. BLACK (Cumberland): I would not want to interfere with the Department of Public Works. I have had conferences with the minister, and he has assured me he will give this matter sympathetic consideration. I should like him to have the assistance of the Minister of Transport.

Mr. MACDONNELL (Muskoka-Ontario): To revert to what the minister said a moment ago, does the Department of Public Works disinterest itself entirely as far as St. Lawrence dredging is concerned? In other words, is this administered entirely by the Department of Transport, or is there dual control?

Mr. FOURNIER (Hull): Perhaps I might explain that. The St. Lawrence ship channel was never under public works. It was under the old Department of Marine, which had a fleet of dredges with which they carried on the dredging themselves. Some years ago those dredges were sold and the work was carried on under contract. The contract is renewed every three or four years in order to keep the ship channel dredged to a depth of thirty-five feet.

Mr. MACDONNELL (Muskoka-Ontario): It is entirely a matter for the Department of Transport?

Mr. FOURNIER (Hull): Absolutely.

Mr. SINCLAIR: There are one or two things I should like to speak about.

Mr. FOURNIER (Hull): I was just giving a word of explanation.

Mr. SINCLAIR: There is a river in British Columbia badly in need of dredging.

Mr. FOURNIER (Hull): That could be dealt with when my estimates come up.

The DEPUTY CHAIRMAN: This item concerns the St. Lawrence river.

Mr. SINCLAIR: With all due deference, Mr. Chairman, the St. Lawrence river has been dredged to a tremendous extent, and I do not think it is unreasonable that the great rivers in the west should also be dredged.

The DEPUTY CHAIRMAN: The hon. member can bring that up when we get to the item dealing with the west. This is not that item, and I think hon. members should confine their remarks to the item before the committee.

Mr. SINCLAIR: There is no item dealing with dredging in the west, and that is the reason why we are having floods today. Since the Minister of Public Works was giving an explanation, I think I should state that the people of Vancouver are wondering when the half million dollars which was voted two years ago to clear Vancouver harbour will be spent, either for contract or government dredging. Would the minister answer that?

Mr. CHEVRIER: I wonder if we could allow the Vancouver item to stand until we reach the national harbours board item?

May I answer the hon. member's question about the cost of administration in item 486? If he will turn to page 276 of the estimates he will find that the total vote is $3,987,278, from which has been deducted an amount chargeable to administration and operation, $495,278, which is the amount to be voted under item 487.

Mr. MACDONNELL (Muskoka-Ontario): I cannot follow that. First of all, the minister said this item of $3,492,000 included the cost of administration, and the minister explained that the cost of administration is $495,278, which is item 487.

Mr. CHEVRIER: Yes, and I added that if you look at page 276 of the details you will find there $3,987,278, from which has been deducted $495,278, which is item 487, administration proper. That is the explanation my officials give me now.

Mr. MACDONNELL (Muskoka-Ontario): According to the information the minister has just given me, the $3,492,000 has no administration in it?

Mr. CHEVRIER: That is right; only capital.

Mr. MACDONNELL (Muskoka-Ontario): But the words "including cost of administration" appear in item 486.

Mr. CHEVRIER: Yes, but I am informed they should not be there.

Mr. MACDONNELL (Muskoka-Ontario): One other question. What is the full amount of this contract? If I understand correctly, there is an over-riding contract, of which $3,492,000 is being worked out this year. What is the extent in time of the contract?

Mr. CHEVRIER: The amount of the contract is $14,697,764, and the work is to be completed in a period of five years.

Mr. MACDONNELL (Muskoka-Ontario): Who is the contractor?

Mr. CHEVRIER: Marine Industries Limited.

Item agreed to.

Marine service—

488. To provide towards the construction of a service vessel for the eastern arctic patrol—capital, $1,100,000.

Mr. SKEY: Would the minister explain this item and say whether this is a new vessel the department is building?

Mr. CHEVRIER: It is a new vessel that is being constructed for the eastern arctic patrol. Previously much of the work of the Department of Transport, Mines and Resources, and other departments was done by the *Nascopie*, which, as the hon. member knows, foundered off Baffin island. The Department of Transport came to the conclusion that it would be in the interests of our service to have an arctic patrol vessel on the east coast, which would break ice when required and do patrol work along the east coast, and at certain seasons of the year proceed to the east half of the arctic circle and there service weather stations and various other depots of the Departments of Transport and Mines and Resources.

Mr. SKEY: It seems to me that this is one very useful national service which could be well given over to the naval branch of the defence department. Surely, following the last war, it must have surplus ships which could perform this service, and the experience of servicing the eastern arctic and Hudson bay would be useful in giving the Navy further experience in seamanship. Has that been considered by the minister and his colleagues instead of the Department of Transport building a new vessel at a cost of over $1,000,000 to perform this service?

Mr. CHEVRIER: Yes, it was given consideration by the government, but if the navy were to take it over it would not serve the purposes that are required of this ship. The navy have no ships for icebreaking, and this is an icebreaking vessel. While I am not free to speak for my colleague the Minister of National Defence, I think if he were here he would give his view that he is strongly in favour of the service being performed in this way; in fact, my recollection is that the representations came not only from Mines and Resources but also in part from National Defence. This was some time ago and I should not like to be held too strictly to it, but that is my recollection.

Mr. SKEY: That is just the point. We are spending in Canada about one quarter of a billion a year on national defence. We all know it is a protective expenditure, but there is no reason why our defence forces, in all three branches of the service, should not perform nationally useful functions such as this and such as the great job they are now doing on the Fraser river in British Columbia. I think it is entirely wrong for the government to consider the navy as a body entirely separate from the rest of the government service. It should be integrated into our national life in ways such as we have here, where it could perform a useful function and at the same time give additional experience in seamanship to the navy personnel. I would strongly recommend that the minister, if he sees any merit at all in my suggestion, ask his colleagues to reconsider the building of a new vessel and placing this service under the defence department.

Mr. FRASER: How much will the ship cost?

Mr. CHEVRIER: The cost is $2,273,000.

Mr. FRASER: To complete?

Mr. CHEVRIER: Yes.

Mr. MacNICOL: This is the second Canadian government ship that has been destroyed in the last few years. The first one was the *Charlottetown*, which turned out to have been destroyed as a result of great negligence. I never heard what punishment was meted out to those responsible for its destruction, except that I believe they were relieved of their command, but that is not sufficient punishment. The minister said the *Nascopie* foundered. The *Nascopie* was destroyed through being run on the rocks. Surely somebody was responsible for that.

Mr. CHEVRIER: The ship was not the property of the department, but was owned by the Hudson's Bay Company.

Mr. MacNICOL: That is the *Nascopie?*

Mr. CHEVRIER: Yes.

Mr. MacNICOL: Then I shall not pursue what I was going to say.

Item agreed to.

Marine service—

489. To provide towards the construction of a lighthouse supply and buoy vessel for the east coast (estimated cost $1,800,000)—capital, $300,000.

Mr. GIBSON (Comox-Alberni): I see that the lighthouse supply and buoy vessel for the east coast is to cost $1,800,000, and the vessel for the west coast, provided for in item 492, is to cost only $700,000. I certainly know that the supply vessels on the west coast are none too good, and whenever we approach the department for some additional aids to navigation they tell us that they cannot service any more lights. I am curious to know what different types of vessel are being provided for the west and east coasts.

Mr. CHEVRIER: The vessel for the east coast, that is the lighthouse supply and buoy vessel, is a 250-foot vessel; whereas the one on the west coast is a secondary ship, 140 feet by 28 feet.

Mr. GIBSON (Comox-Alberni): What boat is it replacing?

Mr. CHEVRIER: It is replacing the *Birnie,* which is a secondary ship, as my hon. friend knows.

Mr. BLACK (Cumberland): Where have these contracts been let? Have they been let to the shipyards in Nova Scotia, or to what particular shipyards?

Mr. CHEVRIER: The contract for the item we are on now has not been let, neither has the one for the lightship at Saint John. They have been advertised, but the bids are not yet in.

Mr. BLACK (Cumberland): The minister said that the ship for the eastern arctic patrol would cost $2,273,000. Where was that contract let?

Mr. CHEVRIER: At the Davie shipbuilding.

Mr. BLACK (Cumberland): Where was that?

Mr. CHEVRIER: Lauzon.

Item agreed to.

Marine service—

490. To provide towards the construction of a lightship for the port of Saint John, N.B. (estimated cost $850,000)—capital, $100,000.

Mr. GIBSON (Comox-Alberni): This item really fascinates me. The proposed cost is $850,000 for a lightship for Saint John harbour. I certainly hope that is for the open sea outside Saint John harbour. All a lightship is, is a hull on which a light is put. It has to be seaworthy and not too large. It has to have good anchors and good anchor chains. Why in the name of heaven we have to build a new ship to pack a light on at a cost of $850,000 to this country when we have been giving corvettes away, supplying them at the cost of scrap, is something that I do not understand.

An hon. MEMBER: What have we received for them?

Mr. GIBSON (Comox-Alberni): Not very much, I gather.

Mr. SINCLAIR: About $25,000.

Mr. GIBSON (Comox-Alberni): I do not think we have received that much for them. Was consideration given by the department officials to the possibility of using one of these vessels?

Mr. CHEVRIER: Corvettes would not do for this sort of work. This vessel is for the *Lurcher* station, and it operates at the entrance to the bay of Fundy. The present position is that the lightship in the Saint John area is over thirty years old. There are no spare lightships in Quebec or Saint John, and the spare lightship available in Halifax at the present time is so old that it could not be used for this purpose. I am informed that a corvette could not do this particular type of work.

Mr. FRASER: What about some of these Park ships that were sold by war assets?

Mr. CHEVRIER: These are 10,000-ton cargo vessels. I am sure they would not be suitable as a lightship.

Mr. FRASER: They certainly would be suitable.

Mr. MACDONNELL (Muskoka-Ontario): I am not a deep-sea man like the hon. member for Comox-Alberni, but with his encouragement I am certainly anxious to know a little more about this investment, because it does seem to me—I am not posing as an expert—that that amount of money is somewhat fantastic. I should like a short description of this vessel. I should like to have an idea of this vessel and to know a little about this investment, because I think the suggestions of the hon. member for Comox-Alberni are sensible.

Mr. CHEVRIER: The approximate dimension of this vessel is 128 by 30 by 21. The estimated cost of construction is $850,000, and the time to build it, provided that the materials are available, as expected, will be a little over a year. No plans have been made covering the construction. The new lightships which have recently been placed on the Atlantic coast by the United States coast guard, with minor modifications, suit the requirements at Saint John. The general arrangements, plans and specifications have been obtained from that service, and the lightship will be built somewhat along the lines of those to which I have referred. The plans and specifications have been sent out to various contractors. Bids have been asked for, but the tenders are not yet in.

Mr. GIBSON (Comox-Alberni): It does seem to me strange, as it does to everybody, that the government can build ships in wartime; then private business comes along, obtains the ships and is quite able to convert them to commercial needs. It would seem to me that a lightship has to be seaworthy. It has to have a light on it and some auxiliary engines.

Mr. MacNICOL: Always built in the centre of the ship.

Mr. GIBSON (Comox-Alberni): I realize that the minister cannot look after everything. I wonder whether he has discussed the matter with his officials. I am sure he is just as anxious to save three-quarters of a million dollars to the country as is any other hon. member.

Mr. CHEVRIER: I can tell my hon. friend that I have gone over this matter very carefully with my officials. I discussed the whole building program of the Department of Transport at the beginning of the year. At that time a program of ship construction was mapped out for the department. In the Department of Transport there are some over-age ships, and the time has come when these vessels should be replaced and new ones built. There is a continual complaint in this house about the manner in which some of these ships are operating, their obsolescence, and the like. When one comes along with a progressive program, suddenly there is a desire on the part of certain hon. members that this program be not brought forward.

Mr. JACKMAN: Explain.

Mr. CHEVRIER: If there is to be an up-to-date program of new ships to meet the conditions as we find them I believe the time has come to do it now. There is a program here for several million dollars. Instead of complaints and criticism, there should be commendation.

Mr. FRASER: Mr. Chairman, we do not have to sit here and take any lectures.

Mr. SINCLAIR: The minister has not yet answered why these corvettes, which are only four or five years old, and which were built for real deep-sea work and are quite seaworthy, are not being used. We agree that these old ships should be replaced, but they certainly should be replaced by corvettes, which have been sold for from $10,000 to $25,000. These ships were built to operate in the very areas the minister has mentioned.

As the hon. member for Comox-Alberni has pointed out, a lightship should be seaworthy and have sufficient auxiliary power to keep a revolving light in action. The minister has not yet told the committee why these corvettes, which were good enough to spend weeks on end out in the middle of the Atlantic, are not seaworthy enough and not good enough and have not enough power to keep a light flashing in Saint John harbour and the like.

The DEPUTY CHAIRMAN: Does the item carry?

Mr. FRASER: Only under protest.

[Mr. MacNicol.]

Mr. MACDONNELL (Muskoka-Ontario): In spite of the minister's rebuke, I am going to carry on, because I agree entirely with the hon. member for Vancouver North. The points raised by the hon. member for Comox-Alberni have not been answered. I should like to know whether vessels such as corvettes, Fairmiles and frigates still remain unsold and in the hands of War Assets Corporation.

Mr. CHEVRIER: I am afraid I cannot answer that question. If some of them have been declared surplus I suppose the minister responsible for that branch can tell the hon. member. Unfortunately, I cannot; but even if they were available the statement which I made a moment ago, and which I repeat now, still holds good. The information I have is that a corvette would not be suitable for this type of work.

Mr. JACKMAN: Why, because it floats?

Mr. MACDONNELL (Muskoka-Ontario): I confess I still find the statement of the hon. member for Comox-Alberni infinitely more convincing than that of the minister. I think we are entitled to more information. It seems to me that we have had no explanation at all. The minister speaks about having a program of building ships and that we must be up to date and so on. Of course that is true with regard to ships which are going to ply the ocean. What the hon. member for Comox-Alberni and the hon. member for Vancouver North said about these ships is surely true. Anyone can see that all this ship needs to be is seaworthy enough to be able to anchor at sea and powerful enough to manipulate a light.

Mr. SKEY: Let me bring this matter to a head if I can and ask the minister directly if either he or his officers have consulted with the Royal Canadian Navy and War Assets Corporation to find out if there are suitable vessels available which could be converted to this use at a much smaller cost than the $850,000 now asked for. Will the minister answer that question?

Mr. CHEVRIER: I am unable to answer that question. I have sent for one of the officers who, I presume, will be here in a moment.

Mr. HERRIDGE: During the war we were able to build a 10,000-ton ship for one million dollars. It now costs $850,000 to build a ship of the size described by the minister. Why is that so? I think the cost is terrific.

Mr. FRASER: The minister has not given us the tonnage of this ship. What was it?

Mr. CHEVRIER: It is a lightship. It is not a cargo vessel. The size of it is 128 by 30 by 21 feet.

Mr. FRASER: The minister does not know the tonnage?

Mr. CHEVRIER: No.

The DEPUTY CHAIRMAN: Perhaps we might allow this item to stand.

Mr. CHEVRIER: Yes. The hon. member has asked for some information which I have not available at the moment.

Item stands.

Marine service—

492. To provide towards the construction of a lighthouse supply and buoy vessel for the west coast (estimated cost $700,000)—capital, $100,000.

Mr. PEARKES: I wish to ask for some information regarding this vessel, because I wonder whether it is good enough for the job it has to do. I believe we have only two vessels on the Pacific coast which are carrying out the duties of servicing the lighthouses and the lightships and also are looking after the life-saving duties on that coast. Has this vessel any life-saving duties to perform?

Mr. CHEVRIER: No, it has not.

Mr. PEARKES: Not very long ago I remember questions were asked about the possibility of establishing a life-saving service on the Pacific coast. At that time in a previous debate it was pointed out that we had a number of serious ship wrecks on the coast of British Columbia during the last year. I was under the impression then that vessels of the Department of Transport were available for rescue work. Are there other vessels besides those available for that work?

Mr. CHEVRIER: The statement I made at the time covered certain of the vessels of the Department of Transport that were available, as well as aircraft and other services on the Pacific coast. But there is no life-guard service as such.

Mr. PEARKES: I realize that. Am I correct in saying that there are only two vessels of the Department of Transport employed in servicing lighthouses and life-saving duties on that coast?

Mr. CHEVRIER: There are four vessels of the department on the west coast. Two are larger vessels and two of them are secondary vessels. This amount is a portion of the vote covering the cost of replacement of one of the secondary vessels.

Mr. PEARKES: Where will the vessel be stationed?

Mr. CHEVRIER: At Victoria.

Mr. PEARKES: Only yesterday we heard that another service, the Royal Canadian Mounted Police which had boats which were also included in this life-saving service, had only two small boats which could not put to sea in heavy weather, but could only be employed in the calm waters between Vancouver island and the mainland. Will this vessel be able to go around the west coast of Vancouver island?

Mr. CHEVRIER: It will be able to go the same range and distance on the coast as the *Birnie* which it is replacing. I understand that the *Birnie*—

Mr. PEARKES: I know the ship.

Mr. CHEVRIER: It will be on the same run as the other ship.

Mr. PEARKES: I feel that it is totally inadequate for the services which are required. We should have a much better vessel than one just to go around and recharge a certain number of batteries and supply services to a few lighthouses. What we require is a vessel which can combine those duties with life-saving duties when there is an emergency on the Pacific coast. I cannot help thinking that a vessel such as the one the minister describes is totally inadequate for the work which so urgently needs to be done. Can the minister give us some hope that another vessel will be provided to carry out more important duties than are to be performed by this vessel which is to replace a small ship which goes around and just leaves supplies at a few lighthouses? I feel that this is a big question. I consider that we are overlooking the necessity of providing a life-saving service. We are like an ostrich; we are putting our heads in the sand and saying that we are having a vessel which will service lighthouses and will be available for relief in case of shipwrecks when we know full well that this vessel cannot carry out those duties at all.

Mr. CHEVRIER: Of course the point that my hon. friend raised is one which, while it is connected with this item, is a separate one, namely, whether or not the department should set up coast-guard services or life-saving services on the various coasts of Canada. This vote provides for the construction of a lighthouse supply and buoy vessel for the west coast. Its main duties are not coast-guarding or life-saving, although incidentally they can

be. There is provision in the estimates—and we dealt with it this afternoon—for a lifeboat on the west coast at Bamfield at a cost of $65,000 or $70,000. That was mentioned in the course of the afternoon.

Mr. CHURCH: I am glad to see the minister doing something for the east and west coasts in regard to these marine services which have been somewhat starved because of war and other conditions. I want to call his attention to one point. I believe the time has come now when these services should be extended, when we have this vast transportation system for advancing the grain to the seaboard from the upper lakes. I am glad to see the east and west coasts get these services; but I believe the time has come now, after a great war like the one through which we have just come, when these services should be extended.

I call the minister's attention to the need of further marine services of the same type on the upper lakes where these storms occur in October, November and December, when the ships are taking the grain crop to the seaboard. At the present time I am glad to see something done for Parry Sound in connection with the boats there; it is badly needed in Georgian bay. But in lake Huron, Georgian bay, lake Erie, parts of lake Ontario, and lake Superior, there are practically no modern aids to navigation in the way of marine services. So much is that the case that if an accident happens to one of these Canadian vessels of transport, as a result of having no proper aids to navigation on the upper lakes, the vessel must sound its siren until some kind of United States aid to navigation in the form of marine service comes to its aid. That should not be the case.

I am in favour of the principle of confederation for all the provinces and not just for some. I believe there should be equality of treatment from the gulf of St. Lawrence up through this great chain of lakes to the upper lakes. They have been overlooked in the years gone by. I hope that between this session of parliament and the next, the minister will look into the situation in the upper lakes. Many men have been lost there. It is a wonder to me why some of the members from Ontario representing the constituencies in which lie Owen Sound, Collingwood and other places on the shores of lake Huron and lake Superior, where there have been several disasters, do not ask for the same marine services as are given in other sections of the country, and in time a great lakes marine commission to develop water-borne traffic.

[Mr. Chevrier.]

Mr. CASE: I should like to make an observation here; and I am very glad the hon. member for Broadview has referred to the upper lakes.

The DEPUTY CHAIRMAN: Order. This item is to provide for the construction of a lighthouse supply and buoy vessel for the west coast.

Item agreed to.

Canadian maritime commission—

493. Administration, $134,300.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister tell us briefly the functions of the Canadian maritime commission and how long it has been in existence?

Mr. CHEVRIER: The maritime commission was set up only recently, in November or December of 1947. Since its establishment, the commission has had many duties to perform. It has made recommendations to the government on many problems faced by Canadian shipping and shipbuilding industries. Its main problem has been that of modernizing the Canadian fleet to enable Canadian ship owners to meet foreign competition more effectively.

The Canadian fleet now consists of the war-built ex-Park ships, sold by the government to private Canadian shipping companies on liberal terms, with a restrictive flag transfer clause prohibiting their being resold with transfer of registry. Many ship owners now require faster, newer and more specialized ships for their services, and the commission is carrying out a tonnage replacement plan which makes it possible for Canadian ship owners who need new tonnage to sell their ex-Park ships to foreign purchasers, on condition that the Canadian owners discharge their mortgages before sale and deposit the sale proceeds in escrow for the building of new ships in Canada. Up to the present time, eight ships have been sold under this plan.

Another duty of the commission is to inquire into and report upon practical problems affecting Canadian shipping which may be referred to it from time to time by the government.

Mr. MACDONNELL (Muskoka-Ontario): For example?

Mr. CHEVRIER: For example, it has investigated and made recommendations upon the carrying of cargoes under ERP in Canadian bottoms. Another of its duties and responsibilities was to review the amendments to the Canada Shipping Act.

In carrying out its work the commission has had to confer with other departments from time to time. There is what is known as the knock-for-knock agreement between Canada and the United States, which during the war years was administered by and under the jurisdiction of the Department of Munitions and Supply. Those duties are now transferred to the maritime commission. It has further undertaken the control and direction of two government agencies dealing with shipping matters; that is, the steamship subsidies branch, which is more particularly dealt with in the estimates and which was formerly a part of the Department of Trade and Commerce, and Park Steamships.

Mr. ISNOR: We on the extreme east coast were very much interested in the creation of this maritime commission, and I think that applies equally to those on the west coast. We were hopeful that a long-range program would be drawn up and made public with respect to the duties of this commission.

The explanation given by the minister with respect to the disposition of the present fleet, with the object of purchasing new ships, does not entirely satisfy us as far as the duties and objects of this commission are concerned. I believe the minister should make a further statement as to the long-range policy or plan of the government in reference to the carrying of cargoes in our own Canadian bottoms to all parts of the world. To set up such a system, I believe it is necessary to have, not men who come from one particular section of Canada but men who will represent the whole of this country, men who are familiar with both east and west coasts as well as the ports of Montreal and Quebec. I have nothing to say against Quebec or Montreal in regard to their shipping facilities; but, speaking more particularly for the east coast at the moment, I say we are aiming for greater export trade and greater shipping activity.

To repeat what I have frequently said on the floor of this house, during the war period Canada made great use of the eastern ports. They were busy spots, with ships going in and out. We had ships sailing every four minutes to make up convoys totalling from sixty to one hundred vessels. So it was very busy at Halifax, Saint John and the other ports. Today there is not the same activity. When the maritime commission was set up we hoped it would inaugurate some program which would bring back those prosperous times as far as our ports were concerned.

For a moment I want to deal with the personnel of the commission. I do not know the gentlemen who compose it, but I am advised that the chairman is a lawyer, no doubt a man of ability and outstanding in his own profession but with no practical experience as far as shipping is concerned on either coast. I may be wrong in that statement, and if so, the minister will correct me. I am told that the other member of the commission comes from central Canada. We on the east coast are asking that you select a man from the maritimes, who will be familiar with shipping matters on the Atlantic.

The minister did not enlarge upon the matter of steamship subsidies or upon the question of coastal trade, which is an important question in the three maritime provinces and an important question in the duties of the maritime commission. I repeat, we feel we should have on the commission a man from the maritimes who is familiar with that subject. The officials of the minister may be efficient men with a certain amount of training and experience in connection with subsidies, but with all respect to the gentlemen sitting in front of the minister, I say their experience is limited. We have men down east who have grown up in the steamship business and in coastal trade, and who have all the qualifications necessary to make a real contribution to this particular work. We are asking that the minister give favourable consideration to naming as a member of that commission a man from the maritimes. We strongly urge this upon the government. If the minister thinks it over, the name of this commission itself indicates that its duties relate to a great extent to the east and west coasts, and for that reason I ask him to give this suggestion his very serious consideration.

Mr. CHEVRIER: Perhaps I should follow my hon. friend's suggestion and enlarge somewhat upon the statement I made a moment ago concerning the maritime commission. Canada's wartime shipbuilding program produced 441 cargo ships totalling approximately 3,810,000 deadweight tons. These vessels were all built in Canadian yards by Canadian labour. I need not dilate upon the value of the service which these vessels rendered during the strenuous war years, because my colleague the Minister of Trade and Commerce has already dealt with that at some length in a statement he made in the house on June 16, 1947, which can be found at page 4195 of *Hansard*.

I might remind the committee, however, that the Park fleet, which was composed of 176 vessels, cost the government the sum of approximately $277,500,000; and in spite of the

fact that they were regarded in the same light as munitions of war, nevertheless the government succeeded in recovering the sum of approximately $199,500,000, being seventy-two per cent of their original cost, through the operation of these ships and their sale to private operators after the end of the war.

In order to maintain a Canadian flag fleet, the government has sold practically the entire fleet to Canadian operators, including seventy-eight vessels still on charter to the British ministry of transport, which vessels are now in process of being returned to Canada. One of the conditions of sale was that no owner is permitted to apply for transfer out of Canadian registry without permission of the Canadian government.

After making preliminary studies, the Canadian maritime commission has advised me that the restriction against transfer of flag is leaving the Canadian fleet in a static condition. While the vessels built for war purposes are suitable in some trade as bulk carriers, they are not competitive with new tonnage which has been and is being built in other countries. If the Canadian flag is to continue on the high seas, it must be maintained by a well-balanced fleet consisting not only of bulk carriers but of faster and more modern units with refrigerator capacity able to compete with vessels of other flags on scheduled services.

The Canadian shipping industry is in its infancy. Prior to the war, Canada did not have a fleet of ocean-going dry cargo vessels. While there is no doubt that government policy has stimulated the shipping and shipbuilding industry, there is no doubt that the Canadian shipowners must be afforded at least an opportunity of selling vessels which are becoming obsolescent, in order to acquire efficient units.

To enable Canadian owners to acquire such vessels to modernize their fleets, the government, on the recommendation of the Canadian maritime commission, has now adopted a policy of permitting sales of ex-Park vessels for transfer to foreign registry. Any owner desiring to sell must apply to the maritime commission for permission to do so. The commission investigates the circumstances fully and determines whether or not the sale of an ex-Park vessel and replacement by modern tonnage will be to the advantage of Canadian trade.

In so doing, it takes into consideration in particular the competition with which the vessel is faced in the specific trade in which it is engaged. If the commission decides that it is advantageous to secure replacement, the owner is given permission to sell to any purchaser approved by the commission, subject also to the approval of the commission as to price and terms of sale.

The owner is required to discharge fully any indebtedness due to the government in respect of the purchase of the vessel from the government, and then must deposit the proceeds of sale in escrow with the commission to secure replacement by modern tonnage. The commission reserves the right to approve the plans of the new ship and the terms and conditions for her construction, and the new ship must be maintained under Canadian registry.

It is anticipated that ships built under this scheme will be constructed in Canadian yards, provided that costs of Canadian shipbuilders are kept within reason, and if not, the commission may, under special circumstances, allow owners to acquire tonnage abroad. It is not expected, however, that this will be the case, and it is hoped that the escrow fund will provide a backlog for shipbuilding in Canada for some years to come.

A number of rumours have recently been circulated to the effect that Canada's fleet is being put on the auction block or that transfers are being permitted to enable Canadian owners to take advantage of low-cost labour in foreign countries. This is definitely not the case.

There will be no great volume of sale in the near future, and modernization of the Canadian fleet will be a matter of gradual development. The original Park fleet being built for war purposes, the accommodation for seamen in some cases leaves much to be desired, and there is no question that the building of modern tonnage will improve the living conditions for all seamen. The replacement policy will afford employment for Canadian shipyard labour, and the new vessels to be constructed will not only further Canada's overseas trade but be a credit to the Canadian flag.

The senior hon. member for Halifax referred to subventions being administered by the department. I have a lengthy statement on not only that, but other activities of the commission. I gave my statement briefly in answer to a question asked by the hon. member for Muskoka-Ontario, when he referred to the personnel of the commission.

Of course, when one is setting up a new body such as this it is almost impossible to have on it representatives of all interested groups in the country, those interested in shipbuilding, seamen, operators, exporters, and importers on the great lakes, and the like.

In order to do that we would have to have a body of perhaps seven or eight. The government came to the conclusion, however, that a commission composed of three members would answer the purpose.

The chairman of that commission, Mr. Clyne, is a man of wide experience, experience which he has obtained on the west coast. He has been handling maritime matters, legally and otherwise, for the greater part of his adult life, and he is well equipped to fulfil all these duties.

Mr. ISNOR: What is his profession?

Mr. CHEVRIER: He is a lawyer.

Mr. ISNOR: A lawyer?

Mr. CHEVRIER: Yes. The other member of the commission was in the Department of of External Affairs for some years. He was an officer in the navy during the war, with a distinguished career.

Mr. FRASER: Who is the third one? There are three members?

Mr. CHEVRIER: Yes.

Mr. FRASER: The chairman and two commissioners?

Mr. CHEVRIER: Yes.

Mr. FRASER: Who is the third one?

Mr. CHEVRIER: The third one is Mr. Rahlves, who was president and manager of—

Mr. ISNOR: "Is" or "was"?

Mr. CHEVRIER: "Was." I was going to say in a minute that he had resigned. He was general manager of Park Steamships during the war and had a wide experience in the operation of ships.

Mr. ISNOR: The minister did not tell us where the second member resided or lived.

Mr. CHEVRIER: The second member lives in Ottawa.

Mr. ISNOR: Ottawa?

Mr. CHEVRIER: Yes.

Mr. ISNOR: One from the west coast and one from Ottawa; is that right?

Mr. CHEVRIER: One from the west coast and one from the central part of Canada.

Mr. ISNOR: Now hon. members will appreciate the point I am trying to get at, that we should have one from the eastern maritime provinces, as a third member.

Mr. BLACK (Cumberland): I wish to support the senior member for Halifax. I thought, when this commission was first set up, it would operate in place of what was known as the maritime rights commission for the benefit of the maritimes. There is no part of Canada more interested in maritime matters to which this commission would give attention than are the maritime provinces. I agree wholeheartedly with the senior member for Halifax when he says that one of the members of the commission should come from the maritime provinces.

While I do not want to be too definite about it, I still have doubts about the necessity for this commission. The Department of Transport is well officered. I think it should be able to administer the duties placed in the hands of this commission to at least as good satisfaction as would the commission, at great saving in costs. I have great respect for the officials in the minister's department, and most of the higher officers in the civil service. I am under the impression that they could carry on the duties assigned to this commission at a great saving to the taxpayers and with at least as great, if not greater, efficiency.

Mr. MACDONNELL (Muskoka-Ontario): What was the exact reason for setting up this commission in 1947? Had some other organization disappeared and was there a gap that had to be filled?

Mr. CHEVRIER: It did not replace any other organization; it was a new body that had been requested during the war years by various groups in Canada. When the matter was debated in the house there were many strong supporters on my hon. friend's side, particularly the hon. member for Vancouver South.

Mr. ISNOR: All parts of the house.

Mr. MACDONNELL (Muskoka-Ontario): That is as it may be, but I do not remember. The minister says this did not take the place of any body that had existed before. As far as I could make out from what he said, there was no new work that they had to take up. As far as I could follow what he said, it would seem to me that the work must have greatly decreased since the war years and the immediately subsequent time.

However that may be, I want to associate myself with what has been said by the hon. member for Cumberland. After listening to what the minister has said as to the duties, I cannot for the life of me understand why the people in his department could not carry them out. It seems to me that this is just another of these commissions set up for the purpose of spoon-feeding people and holding the hands

of people whose hands do not need to be held. I notice that they have to approve contracts, investigate this and give judgment on that. I do not know whether they are competent to do so, because I do not know the gentlemen; I am not offering any opinion on that, but when I look at this item of $134,000 I wonder whether it is going to make a single extra dollar for the people of Canada. I would gravely doubt it.

When I look on this building of commission on commission it seems to me that we have a mania for this kind of thing. I was astounded at a figure given the other day, I believe by the Winnipeg *Free Press*. However, upon reflection I am afraid that it must be true. They stated that the various taxing bodies in this country are taking something like one-third of our national income. They went on to state, and I think it was fairly stated, that that is higher than in any other country in the world. I am quoting those figures subject to correction, but I believe they were put forward by competent people and are absolutely true. Again may I say that I doubt very much if in his heart the minister will disagree with the statement that the $134,400—

Mr. CHEVRIER: I disagree most heartily.

Mr. MACDONNELL (Muskoka-Ontario): The minister can speak for himself. Nothing that the minister has said tonight makes me feel that this $134,000 will add a single dollar to the wealth of this country or that the services which are being performed can not be performed by the perfectly competent people in his department. We have a list here, as long as your arm, of engineers and competent people of various kinds. I see the Minister of Trade and Commerce wishes to speak.

Mr. HOWE: In addition to carrying out duties that were not performed before, this commission is taking over the duties of the Park Steamship Company, which at the height of its career operated some 200 ships for the government. The commission is carrying on functions which were held over from the Park Steamship Company. It is operating boats that are only partly paid for, and it is discharging functions that were formerly carried on by the Department of Trade and Commerce, namely, those having to do with steamship subsidies.

It seems to me that this commission has onerous and continuous duties. I suggest that, if anything, it is under-staffed rather than over-staffed.

Mr. MACDONNELL (Muskoka-Ontario): I understand that Park Steamship Company is now being operated by private interests.

Mr. HOWE: No.

[Mr. Macdonnell (Muskoka-Ontario).]

Mr. MACDONNELL (Muskoka-Ontario): Whom is it being operated by?

Mr. HOWE: By the maritime commission. The Park Steamship Company is a crown company. Some of the ships which were formerly operated privately through the Park Steamship Company have been sold, but there are continuing functions of the Park Steamship Company still being carried on.

Mr. MACDONNELL (Muskoka-Ontario): Did it not have an adequate staff to run its affairs? Was it not carrying on before 1937?

Mr. HOWE: There is no Park Steamship Company today, but the duties are being carried on by the commission.

Mr. MACDONNELL (Muskoka-Ontario): I do not understand the minister. He says in one breath that the duties are being carried on by the commission, and in the next breath he says the ships are being operated by a crown company.

Mr. HOWE: The crown company has been disbanded.

Mr. CHEVRIER: May I add just a word? The hon. member for Cumberland has suggested that there is no function for this organization. There is a similar organization in the United Kingdom and in the United States. The object of the commission is to protect shipping for the country. If we were to follow the same steps we followed during the last war we would lose all our ships. The commission is to interest itself in a shipping program for Canada. By the amalgamation of the operations of the Park Steamship Company with those of the maritime commission, there has been a saving of $80,000 a year.

Mr. BLACKMORE: I want to commend the minister most highly for his endeavours to build up a shipping fleet in this country and to maintain it at something like efficiency.

Mr. WINTERS: Could the minister provide a little information on some of the aspects of the operations of this commission? I understood from what has been said tonight that it is largely concerned with ocean-going steamers of 10,000 tons or thereabouts, but recently it has embraced in its scope fishing boats and fishing schooners. An advisory committee has been set up to advise on small boats and sailing vessels.

Mr. MACDONNELL (Muskoka-Ontario): Another commission.

Mr. WINTERS: So far as I know, there is nobody with any practical experience or knowledge of fishing boats on this commission.

My attention was directed to that point by the remarks of the senior member for Halifax who asked that someone with practical experience in maritime matters generally be placed on the commission. I receive letters almost daily from people in the fishing industry who ask what the Canadian maritime commission intends to do about the fishing industry and in what respect their boats come under the commission. I have also had letters asking me to indicate who with any knowledge of fishing boats will be on the commission. To date I have not been able to find out very much about this, and I should like the minister to make a statement.

There is another uncertainty creeping into this picture. In the Halifax press and, I presume, in the press across the country, there was a story that three ocean-going transports were being tied up at Halifax because they could not compete with ships of other nations. Then, on the strength of the announcement made by the minister that our merchant ships are being sold, the presumption grows that they will be sold to competing nations who can operate them with mariners at lower rates of pay, and thus put us in an unfavourable position. The sale of our ships is likely to aggravate the situation and also the status of fishing boats. in the harbour at Halifax. I wish the minister would take a minute or two to clarify that situation and also the status of fishing boats.

Mr. CHEVRIER: There are several matters which the hon. member for Queens-Lunenburg has brought up. First, he asked whether the operations of the maritime commission cover only foreign-going vessels. The answer is generally yes; but it also has to do with other duties such as I outlined in the statement I made when we took up this item, such as subsidies for coastal vessels, the administration of steamship subventions, and generally advising the government on policy.

The hon. gentleman asks if there is anyone with experience or knowledge of the fishing boat industry. The answer is no, there is not, because that is not directly a responsibility of the commission. However, under the Maritime Commission Act provision is made to set up advisory committees, and one of the advisory committees that has been set up in case it may be necessary for the government to seek advice is represented by the fisheries council.

My hon. friend feared that these vessels which were sold might compete with our own vessels. That is what we are trying to avoid by setting up the policy of the transfer of flag in certain cases. It is to bring our ships up to the highest possible standard, to streamline and modernize our fleet, so that competition will not overtake us. We are beginning to notice that other countries are building bigger, faster and more modern ships than our Park vessels. In order to compete we have to do likewise, and we have accordingly adopted the policy set out in the memorandum I read a moment ago. The policy was adopted just to obviate and counteract the situation to which my hon. friend referred.

Mr. ISNOR: Would the minister be good enough to answer these questions? How many ships were operated by the Park Steamship Company during the war; how many ships were sold, and how many are being operated at the present time?

Mr. CHEVRIER: The following ships were sold to Canadian companies for operation under the Canadian flag: one hundred and fifteen 10,000-ton ships; twenty-two 4,700-ton ships, or a total of 137.

The following Canadian-owned ships are still on charter to the United Kingdom ministry of transport: twenty 10,000-ton ships. They are being returned from the United Kingdom to Canada in 1948 for delivery to Canadian purchasers; also, fifty-eight 10,000-ton ships, which will remain on charter to the United Kingdom ministry until 1950, when they also will be returned for delivery to Canadian purchasers.

The United Kingdom ministry will retain for an indefinite period seven 10,000-ton "stores issuing" ships and eight 10,000-ton "maintenance" ships.

Canada's fleet of ocean-going ships of over 500 gross tons therefore consists of 229 dry cargo ships, with a total deadweight capacity of approximately 2,100,000 tons.

Mr. MACDONNELL (Muskoka-Ontario): Who operates those?

Mr. CHEVRIER: These are ex-Park vessels which have been sold to private operators. Some of them have been sold on terms and have been chartered. Those that have been chartered are still being administered by the maritime commission in its capacity of successor to Park Steamships.

Mr. MACDONNELL (Muskoka-Ontario): What does the minister mean by administered? Operated?

Mr. CHEVRIER: No. Park Steamships is out of operation altogether. I mean collecting charter hire.

Mr. MACDONNELL (Muskoka-Ontario): Do you need a commission costing $134,000 to collect charter hire?

Mr. CHEVRIER: No, my hon. friend did not understand me, or perhaps I did not make myself clear. I do not want to be offensive at all.

Mr. MACDONNELL (Muskoka-Ontario): I think we shall get on better now that your colleague is away.

Mr. CHEVRIER: The duties of the maritime commission with reference to Park Steamships are only a very small portion of its functions because Park Steamships is being gradually, if not entirely, wound up. It did operate these ships during wartime and they are gradually being sold. The commission has taken over those that remain and will soon wind up the operations of Park Steamships.

Mr. MACDONNELL (Muskoka-Ontario): That is grand. You have torpedoed what your colleague said and now we are getting the facts.

Mr. CHEVRIER: I have tried not to be offensive, but if my hon. friend wants to take my colleague to task in that manner I am afraid he and I will not get along. I do not think it is fair for my hon. friend to say that I have torpedoed what my colleague said or that he has torpedoed what I said. I am trying to be helpful.

Mr. MACDONNELL (Muskoka-Ontario): I think you are.

Mr. CHEVRIER: I am doing the best I can, but if my hon. friend wants to be critical—

Mr. MACDONNELL (Muskoka-Ontario): I am not being critical of you.

Mr. CHEVRIER: —I am quite prepared to put up with it. If my hon. friend wants to know what the duties of the commission are I have already put them on the record once and have explained them twice. The duties of the commission are of an advisory nature. I am positive that the commission is doing a very fine job. The House of Commons approved the work of the commission when it passed the bill last year. The bill was debated at great length, and was supported, if my recollection serves me aright, by all parts of the house and by many hon. members from that side of the house. It was then conceded that it was necessary, in fact urgent, to have the maritime commission established. Many members from my hon. friend's side of the house had been continually advocating the formation of the commission long before action was taken and, indeed, took my colleague the Minister of Reconstruction and Supply to task for not having moved earlier. So I do not think it is a nullity in the department. I think the commission is very necessary and is performing a good service, without which we could not have a shipping industry to compete with those of other countries.

Mr. ISNOR: I started this question. It was a fairly simple question, and I think the minister can answer it one, two, three. How many ships were operated—I am not talking about their size or anything else—during the war by the Park Steamship Company? How many ships have since been sold; how many are at present being operated and come under the direct control of the maritime commission? These are three simple questions.

Mr. CHEVRIER: The answer to the first question, how many ships were operated by Park, is 238 approximately. The answer to the second question, how many were sold, the same number. The answer to the third question, how many operated under the commission, none, except for the purpose of completing the charter hire and collecting the money under the charter hire.

Mr. ISNOR: Now we have the answer. No ships are being operated by the maritime commission. What are their duties?

Mr. MACDONNELL (Muskoka-Ontario): I want to thank the minister for getting us part of the way on. We have now got rid of the idea of the Minister of Trade and Commerce that this is an operating unit. The minister has made it clear that, so far as operating Park Steamships is concerned, what it does is receive payments. It does not need a $134,000 commission to do that.

The minister has said, and on this I should like further information, that the commission advises and is apparently to keep up the level of our shipping, is to consider our foreign trade and the kind of ships we should have. It seems to me that on that we are entitled to a little further information. I am still skeptical. I still do not see why it is that when you establish a business someone should come along and tell you what to do. I am glad to see that the senior hon. member for Halifax is with me. I would like to know if the minister can go a little more fully into what the functions of these gentlemen are. So far as I am concerned, I am completely in the dark. If I may add something, I am carrying it in my mind that the minister has competent, scientific, expert advisers, who, with all due deference to the profession with which I had once

a bowing acquaintance, seem more competent to advise him on these technical questions than a lawyer.

Mr. CHEVRIER: I have already said what the commission's work was since its establishment. Perhaps I can summarize it again. The main problem that the commission has to deal with is, as I said a moment ago, that of modernizing the Canadian fleet to enable Canadian shipowners to meet foreign competition more effectively.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister permit a question there?

Mr. CHEVRIER: Will my hon. friend allow me to answer his question? This means that Canadian ship operators have to meet keen competition because new, more modern and faster ships are being put onto certain trade routes, so that our ship operators who are doing business with ex-Park vessels, that is 10,000-ton freighters, 4,700-ton freighters and certain tankers, find themselves at a disadvantage. Therefore the commission has adopted a program whereby it will allow some of these operators to sell their Park vessels, but not to sell them unless the purchase price is deposited in escrow, and the money used for the purchase of new ships, of the type necessary to compete on the trade routes, to be built in Canadian shipyards. That in itself is a man-sized job.

Then, as I said a moment ago, the commission has inquired into and reported upon several practical problems. One of them I gave to the hon. gentleman. It has investigated and made recommendations upon the question of the role of Canadian shipping in the European recovery program. The Canada Shipping Act, which was amended and passed in this house, was given attention by the commission. As a central agency, another of the duties of the commission is the administration of shipping matters. The commission has given assistance to Canadian ship owners in many fields. The commission has a responsibility for investigation, certification and settlement of claims in the knock-for-knock agreement. It has undertaken the control and direction of two government agencies, steamship subsidies and the remainder of the activities of Park Steamships.

The commission has not yet been in existence for a year, and it still has other duties to perform. The future commission expects it will take about six months to complete a survey of the shipbuilding industry. In carrying out this survey, the commission will obtain and consider the recommendations of ship owners, ship builders, labour organizations, exporters, importers, manufacturers, primary producers and other Canadian interests and other organizations affected by shipping policy. That was the object of appointing the advisory committees authorized under the act. I do not know that I can give the hon. gentleman any more complete details than that.

Mr. MACDONNELL (Muskoka-Ontario): I am not going to pursue the matter further. I just want to say this, without wishing to be in the least offensive to the minister. I think what he said was just a lot of words. I would be much happier to have the minister make these decisions himself, along with some expert person with whom he might consult from day to day. I would far rather rely on that than this commission which is spending tens of thousands of dollars on things which, to me, are just a lot of—I do not want to use extreme words. I think the whole thing is unreal.

Mr. BAKER: I want to support this item of $134,000 for the administration of the Canadian maritime commission. I supported the resolution which preceded the bill and I still support it. I have some knowledge of marine matters. I fully realize that if we do not have the maritime commission, or some equivalent body, our merchant marine will go down to what it was before. At that time it was practically negligible. Canada had one of the largest merchant fleets in the world in the old sailing ship days when Nova Scotia, Quebec, New Brunswick and the maritime provinces generally owned so many ships. They dwindled down to practically nothing.

This maritime commission is in its infancy. Hon. members can criticize it now and criticize it justly. I think the hon. member for Queens-Lunenburg has brought out some pertinent points. The commission has to be broadened in its scope. It has to get more men with practical knowledge of marine matters than it has at the present time. The commission is just growing up. I support the hon. member for Queens-Lunenburg and also the senior hon. member for Halifax. I think they brought out some useful points, but we must have this commission.

The company with which I was concerned prior to going into the army in 1939 imported from the old country. Most of our cargoes came in Scandinavian bottoms. The reason was that our Canadian ships and the British ships could not compete with the Scandinavians. The maritime commission may be able to help out in that regard. If we are to have a merchant fleet we may have to subsidize under certain circumstances, but we must have a body of specialists who can handle this. The Department of Transport as such

cannot do it. I am quite positive of that. They must have an advisory body. I do recommend that more men with practical marine experience be brought in and that the scope of the commission be broadened. I particularly want to see the fishing vessels and the smaller craft brought in here. I think we would be making a great mistake if we did not support this item. This body is just in its infancy, and in the years to come hon. members will realize that they have been wise in having established a maritime commission.

Mr. FRASER: It is not a case of supporting the item; it is a case of trying to find out something about it. What is meant by "Professional and special services, $25,000"? No amount was voted for this item last year, but we are asked for $25,000 this year.

Mr. CHEVRIER: It is provision for audits in connection with steamship subventions.

Mr. FRASER: $25,000.

Mr. CHEVRIER: That is right.

Mr. FRASER: How much do they audit?

Mr. CHEVRIER: Let me take a minute to explain this to my hon. friend.

Mr. FRASER: I wish you would.

Mr. CHEVRIER: There has been a demand for increased subventions. That demand is because of increased costs; and the government has felt that before increases were granted, there should be an accounting of the books of certain of the applicants. That is a sensible thing to do. Before you pay out money, it is logical to ascertain whether those who claim that conditions require increased subsidies, are correct in their statement, and whether their figures can be verified. An audit has been made in a number of cases, and this item is for that purpose.

Mr. FRASER: These are subsidies that are paid out from the minister's department?

Mr. CHEVRIER: That is right.

Mr. FRASER: These are subsidies for mail, mostly, are they not?

Mr. CHEVRIER: Yes; the items following, in votes 495 and 496.

Mr. FRASER: Just following this up, does the treasury department not make audits of this?

Mr. CHEVRIER: I did not catch the question.

Mr. FRASER: Does the minister's own department not make audits of this?

[Mr. Baker.]

Mr. CHEVRIER: We have no auditors in the Department of Transport. There is in fact an auditor or two in the board of transport commissioners, but their work has to do with railway matters. There is no auditor in the Department of Transport.

Mr. FRASER: You mean to say that subsidies are given without any check-up on them?

Some hon. MEMBERS: Oh, oh.

Mr. FRASER: That is what it looks like.

Mr. CHEVRIER: That is exactly what it is not; and that is exactly what I am telling my hon. friend this provision is for.

Mr. FRASER: The minister stated that this has been set up for only about a year.

Mr. CHEVRIER: No, I did not say that.

Mr. FRASER: The minister said that this commission had been set up for only about a year.

Mr. CHEVRIER: But not steamships subventions. Those have been in existence for years.

Mr. FRASER: Yes; but evidently there was no audit.

The CHAIRMAN: Order. The hon. member for Grey North.

Mr. KNOWLES: The port of Owen Sound.

Mr. CASE: The minister says there has been an application for an increase in subventions. As I review the details of the services at page 276 of the estimates, it would certainly appear that there has been a tremendous demand for an increase in salaries. Just let me review this matter to some extent. For the chairman of the commission there is an increase from $5,000 to $12,000.

An hon. MEMBER: For part of a year.

Mr. CASE: Yes. There are two commissioners at $20,000 a year. Why could not the scope of their administration be enlarged? From listening to the discussion and the answers given by the minister, I cannot understand how these men are fully employed in the task which he has outlined, because it would appear that their responsibilities are less. I am thinking now that a maritime or marine commission could administer the affairs on the great lakes in which I am particularly interested. The city of Owen Sound has, I think I can say without fear of contradiction, one of the finest harbours on the great lakes. It is the last to freeze up in the fall and the first to open in the spring. That

can be verified. For years the board of trade and other public bodies have appealed to the Minister of Transport to allow the lightship *St. Heliers* to be in the port of Owen Sound. The mariners have also appealed, because markers are put out early in the spring and then in the fall. We have not been able to get anywhere with that suggestion. I have had an opportunity to review some of the correspondence between the minister and the board of trade and between the board of trade and the minister, and I cannot for the life of me understand why, when you are putting lightships there, those ships should be wintered in Midland.

Mr. CHEVRIER: We are past that item.

Mr. CASE: I am speaking of the advisability of enlarging the duties of the commission, so that the minister's estimate of $134,300 might be more properly justified. I rose a while ago to discuss this item and I was told I was wrong. I may be wrong now. I should be glad if the minister could tell me now why the present procedure is necessary, and why we have not the advantage of one of these lightships placing markers for the benefit of mariners for life-saving and so on. It means a great deal to them as they ply the great lakes and the boats go down from the head of lake Superior, from Port Arthur and Fort William, with their cargoes late in the fall and leave the port early in the spring. If it would not be asking too much, I should like to have the minister say why we have not one of these ships in the port of Owen Sound.

Mr. CHEVRIER: The hon. member is not asking for too much. I can tell him that the maritime commission has absolutely no jurisdiction over the subject which he raised a moment ago. The *St. Heliers* lightship is a matter that comes under marine services. I know the position fairly well. I had representations from my hon. friend. It is certainly not a matter over which the maritime commission would have any jurisdiction.

Mr. MacNAUGHT: I wish to support the remarks made by the senior member for Halifax, which were to the effect that when appointment is made of a successor to Mr. Rahlves on the Canadian maritime commission, consideration be given to appointing a man from the maritime provinces. I have the utmost respect for the chairman of the commission, Mr. Clyne, and his associate, Captain Audette. I think they are both competent and capable men. But in matters pertaining to the east coast, I submit that we should have a man of experience in matters pertaining to that coast. This is more particularly true, because a large number of the ships owned and operated by Park Steamships was sold to Atlantic Shippers with head office in Halifax. At the moment three of their ships are tied up in the port of Halifax. For these reasons I submit that great attention should be paid to the remarks made by the senior member for Halifax, and that every avenue should be canvassed in trying to get a suitable man from the maritimes to take the place of Mr. Rahlves.

Mr. CHEVRIER: I can assure my hon. friend that every consideration has been and is being given to that matter.

Item agreed to.

Mail subsidies and steamship subventions—

494. Administration, $19,949.

Mr. BLACK (Cumberland): I should like to bring before the committee and the minister the matter of the subsidy on a service across Minas basin. This was for a ferry service which was established forty-five or fifty years ago to serve the people in Annapolis valley and Cumberland, and, in more recent years, to serve the tourists. In about the year 1926 a special boat was built to operate on that service. It was called the *Kipawo,* a name which is formed from the first two letters of the ports at which it called, namely Kingsport, Parrsboro and Wolfville: Kingsport in Kings county, Parrsboro in Cumberland county and Wolfville in Kings county. We made the sacrifice of allowing that ferry boat, which carried cars, to be taken over by the naval department about 1942, with the expectation that it would be restored to the service. This was one service that was subsidized by the federal government and by the provincial government. I think the federal government gave $4,500 or $5,000 a year and the provincial government the same amount. That boat was taken over by the naval service and finally transferred to Newfoundland. At the end of the war it was sold by war assets for $26,000, fully as much as was paid for it in the first place; it was not a large boat.

The people of that section of Nova Scotia were much annoyed and put out by the action of the department in not restoring this boat and this subsidy. The provincial government supported it and offered to pay its portion as before. It made representations to the federal government. At that time shipping subsidies were under the Department of Trade and Commerce, and I believe the then minister was sympathetic; because it was the only subsidy in all Canada that was discontinued, notwithstanding the fact that this ferry service had been in operation for more than

forty years. Boards of trade in the maritime provinces and interested people made repeated representations. Hundreds of boats were acquired by the government in the naval service and the Park Steamship Company, mentioned by the minister, but not one was made available to renew this ferry service.

During the war, motorists had to go 150 miles further. Gasoline was scarce; it was almost impossible to get tires, but our people made the sacrifice and were willing to continue to make it as long as necessary, as Nova Scotians did in every phase of the war effort. But they did expect this service to be re-established at the end of the war; they did expect this boat to be brought back, but it was sold and the proceeds held by the federal government.

I request the minister to look into this grievance and have the service restored. It is only about nine miles from Parrsboro to Kingsport, and about fifteen miles to Wolfville. An improvement might be made by having direct connection from Parrsboro to Blomidon, the nearest point in King's county, which is only three and a half miles away. If a wharf were built there it would be only a short service from Parrsboro across the Minas basin. It would land at a point on Blomidon, which is being advocated by the government of Nova Scotia and by many people as the site of a national park.

Now that the subsidies come under the minister's direction, I would ask him to deal with this matter. I do not believe the people in any other part of Canada would have been subjected to this treatment. We in Nova Scotia are long suffering or we would not have put up with it. This was the only subsidy discontinued in all Canada, just because we sacrificed our boat in order to be of service during the war. I believe this ferry should be re-established as a service to the local people, as a service to tourists, and as a matter of pride for the whole countryside. The destruction of this service is another sign of retrogression, and the people concerned are very much grieved and hurt. I ask the minister to give this matter his personal attention.

Mr. SINCLAIR: I should like to speak on this general item—

Mr. BLACK (Cumberland): I wonder if I can get a statement from the minister concerning this matter.

Mr. CHEVRIER: My hon. friend has raised two points; the service between Blomidon and Parrsboro and between Parrsboro and Hantsport and Windsor. The position is as he stated, that the service was taken off during the war; but, as I understand the duties of the steamship subventions branch of the commission, they do not include establishing a service, but rather deciding whether or not a subsidy is necessary for the operation of a service.

Mr. BLACK (Cumberland): But in this case—

Mr. CHEVRIER: Would the hon. gentleman permit me to continue? If someone makes an application to operate a ferry service between these points, unquestionably the commission will have to give the matter its attention. I would even go a step further and say the commission can and will look into it and, after doing so, they may decide to intervene. But it is not the business of the commission to institute service. It may be that some injustice is being done to the citizens of these points, but that is not a matter with which the commission is directly charged. I take it that there is no service between Blomidon and Parrsboro, and my information is that there is no wharf at Blomidon, so that I suppose there would be some considerable expenditure before such a service could be considered, since a wharf would have to be built. I do not want my hon. friend to think we are not prepared to give the subject he has raised every consideration. I shall ask the commission to look into it and see if something can be done to assist the people in that area.

Mr. BLACK (Cumberland): I want to thank the minister for going as far as he did, but I point out to him and to this committee that we are not asking the government to establish a new service. The government destroyed the service which was there for forty or fifty years, so that they have a very real responsibility to see that the service is re-established. They took the boat which was specially built under the authority of the province of Nova Scotia when I was provincial minister of highways, and which operated there from 1926 or 1927 until 1942. That boat was taken over by the naval department and sold by war assets; and we have been denied that service ever since.

Mr. SINCLAIR: I should like to speak on this general item. The hon. member for Cumberland has just said the people of Nova Scotia are long suffering and hard done by. The senior hon. member for Halifax was complaining that, because of the lack of a maritime provinces man, on the maritime commission he thought, the people of the maritimes were not getting as fair a break as other

parts of Canada. But looking at pages 72 and 73 of the estimates, I would suggest that the maritimes are doing extremely well, as far as mail subventions are concerned. For the west coast of British Columbia we have three items totalling some $79,000. For the maritimes we have a page and a half of items totalling about $1,150,000.

As I pointed out a little earlier this session, during the debate on the Canada Shipping Act, coastal shipping on the British Columbia coast is of much greater significance than that on the east coast, because of our total lack of north and south roads. A tremendous volume of traffic moves up and down the coast. There is a small subsidy for the service on the west coast of Vancouver island and a small subsidy for service between Prince Rupert and the Queen Charlotte islands, but my point is that there has been a very great difference between the subsidies paid on the west coast and those on the east coast.

My second point is that, since the end of the war, a condition has arisen which makes the need for these subsidies on the west coast very much greater. Before the war, we had three services on the west coast: the Canadian Pacific, the Canadian National and a small coastal line known as Union Steamships, which called at all the small ports. It was a slow service but a good service, in that no logging camp or fishing village was too small for Union Steamships to push in, drop off the mail and push on. After the war, quite a number of naval veterans thought they should enter this coastal trade. They bought some of these war vessels, which apparently the department thought very little of, but which these people thought a great deal of. Then they reconverted them. In my riding alone there are four of these coastal lines. These lines decided to service only the bigger points of Gibsons Landing, Sechelt, Pender Harbour, Powell River and Britannia Mine. They picked the cream of the trade, leaving the Union Steamships calling at the smaller points, in which they have mail contracts, thus losing the business out of the big points.

As a consequence, the only thing the bigger company could do was to begin to drop their service to the smaller points. I am sure the maritime commission will know the points I am referring to—Halfmoon bay, Lang bay, Lund and Egmont. These little points are all along the coast. Their only connection with Vancouver is by sea. There is no road and no rail connection. No subsidy is paid to this new line, and certainly insufficient subsidy to the Union Steamships to justify that service. So they have dropped the service.

The unfortunate member of parliament for that district, the hon. member for Vancouver North, gets the full complaint: "Why is this happening?" Most abuse is against the steamship company, the residents not realizing the situation which the company has to face.

For the entire mainland coast of British Columbia, from Vancouver to Stewart, which is about 600 miles direct and about 5,000 miles by coast line, we have a subsidy of $37,000 which, I suppose, is divided among the three lines, the Canadian Pacific, the Canadian National and the Union Steamships.

I now look at the eastern coast and I say—and I would be corrected if I am wrong—that every single coastal steamship line of the maritime provinces, and certainly of the St. Lawrence river, is paid a subsidy. These lines on the St. Lawrence river will be operating only part of the year, and they also have rail and road communication; the water is not their only means of access.

This raises one other point of great interest. The reason we have such a high freight rate is not only the mountain differential, but also the lack of road and bus competition which you have in the east. The result is that we have to pay the full traffic. Before we start with the 21 per cent increase, or the 25 per cent mountain differential, the people of British Columbia have good cause to resent subsidies for coastal traffic along the St. Lawrence river which results in cheaper sea routes and cheaper transportation along the St. Lawrence, which in turn must result in lower railway fares.

So apparently we are in the business of subsidizing coastal traffic in the east, despite the fact that rail traffic rates are lower, with the result, of course, that the prairies and British Columbia take up the slack.

I would ask the minister the reason for this amazing difference between $79,000 for British Columbia and $1,160,000 for the east coast, when most of these points are already serviced with either rail or road. You may have this new line servicing these little points making an application for a subsidy along the scale of that permitted in the St. Lawrence and Nova Scotia. If so, will they be given, shall I say, careful consideration, or favourable consideration?

Mr. CHEVRIER: To answer the first question, one of the reasons is that the operators on the west coast are perhaps more capable of supporting themselves. Another reason is that there is a substantial amount for west coast services in the supplementary estimates. I am not in a position to say what

it is now, but certainly it is over $300,000, far more than the amount in the main estimates.

The hon. member's other point was whether, if the small lines were to make application, they would be given careful or favourable consideration. I can say they would be given both.

Mr. PEARKES: I should like to support what has been said by the hon. member for Vancouver North, because the same situation affects my constituency in the southern part of Vancouver island. I was amazed, too, at the difference between the amount of money voted for the coast of British Columbia as compared with the amount for other parts of Canada.

When the bill to set up the maritime commission was introduced last year, I supported it. I sincerely hope they will now see that the amounts are equitably distributed between the various parts of Canada. The hon. member for Vancouver North has referred to conditions on the Atlantic seaboard. I would call the minister's attention to the amount of grant paid to a vessel on one of the fresh water lakes, here in Ontario, plying between Owen Sound and a little island somewhere out in that lake. There they have a grant of $65,000.

I have seen that vessel. It is just a fresh-water vessel plying between the mainland and a little island which can be seen off the mainland of Ontario; whereas, in British Columbia we have ocean-going vessels from British Columbia going up through the open water to Prince Rupert and from Prince Rupert across to the Queen Charlotte islands. Then there are other vessels going around the southern shore of Vancouver island and up the west coast exposed to all the fury of Pacific storms.

I know the people who live in the southern part of my constituency, in places like Port Renfrew, are served by mail by one of these vessels. They have no other means of getting mail. But the vessel comes only once every ten days. This vessel running out of Owen Sound to Manitoulin island is carrying mail every day, I should think. It seems to me that it is all wrong to have one getting $65,000 and the other only $10,000.

Mr. CHEVRIER: The reason for the subsidy of $65,000 is that there are three vessels, and they operate three services. May I add that one of these vessels travels 472 miles?

Mr. PEARKES: That may be true, but what is the population served? The population of British Columbia has increased in the last three years by twenty-seven per cent, a greater increase than in any other part of Canada. Large numbers of people have moved in there. I say it is the service rendered, not the number of vessels rendering the service, which is important. Was the vessel running out of Owen Sound built by the government?

Mr. CHEVRIER: No.

Mr. PEARKES: Was the building of it subsidized by the government?

Mr. CHEVRIER: No.

Mr. PEARKES: Has it an exclusive monopoly for the carrying of mail?

Mr. CHEVRIER: No. But referring to the service to which my hon. friend referred on the west coast, one point which must not be forgotten is that the $10,000 to which he referred is given by the Canadian Pacific, and that railway is a pretty substantial organization and well able to look after itself. It is true that if they can show that amount is required for certain purposes, the steamship subvention branch will grant it. But, to compare the small vessel operating at Owen Sound with the Canadian Pacific—well, they are two different things.

Mr. GIBSON (Comox-Alberni): The minister is right in some ways. I believe the basis upon which they must calculate these subsidies must be that if a company like the Canadian Pacific in British Columbia has some lucrative runs, they would also be asked to take on some of these less profitable ones.

However I agree with what the hon. member for Nanaimo has said. On the west coast they have about a 600-mile run in open ocean, and they receive a subsidy of $10,000. I understand that they lose $50,000 or $60,000 a year on the operation to the mainland.

I was recently interested in the operation of a company which was in there and tried to compete by providing a service twice weekly up the west coast. I can tell the committee that they lost approximately $30,000 in the operation in one year. How would that company have gone about obtaining a subsidy? Would it have been considered favourably, if it has provided the necessary service?

Mr. CHEVRIER: I am not sure whether they would be considered favourably, but any application is considered in the light of necessity and losses. If a company in receipt of subsidy can show that its costs have gone up and will submit to audit, the commission will give the matter consideration. But I cannot say that the application will be granted.

Mr. GIBSON (Comox-Alberni): The minister said there would be another $300,000 in the supplementary estimates, and I thank him for the information.

Mr. CHEVRIER: Would the hon. member permit me to make this further observation? The commission could not possibly subsidize two people for the same service.

Mr. GIBSON (Comox-Alberni): Then there is no chance of a section of the country which is now receiving inadequate service receiving better service?

Mr. CHEVRIER: I would not say "no" to that.

Mr. GIBSON (Comox-Alberni): That is what it amounts to. If the present company is not willing to provide better service than the present inadequate service some other company would have to step in.

Mr. CHEVRIER: It is part of the contract that is entered into that adequate service will be provided for the subsidy that is given.

Mr. GIBSON (Comox-Alberni): The contract was made forty years ago.

Mr. CHEVRIER: It would be reviewed every year. Any other company could make application.

Mr. GIBSON (Comox-Alberni): Is it not true that during the war we had a Commodities Stabilization Corporation which handled some of these subsidies?

Mr. CHEVRIER: I think what the hon. gentleman has in mind is the stabilization fund that was operated by the Department of Finance. That was done away with on January 1 of this year.

Mr. GIBSON (Comox-Alberni): Has that made necessary increased subsidies?

Mr. CHEVRIER: That is responsible for the increased subsidies which will be included in the supplementary estimates.

Mr. SINCLAIR: Did I understand the minister to say that they would not pay a subsidy to competitors on the same run?

Mr. CHEVRIER: That is right.

Mr. SINCLAIR: Would that mean that if a second steamship starts in operation the subsidy would be removed because, if there is competition, there is no need for a subsidy?

Mr. CHEVRIER: The first remains until the year is out, when it can be reviewed. The competitor may make application if he is operating at a loss. If he is operating at a profit he is not entitled to a subsidy.

Mr. SINCLAIR: I would think the new man entering a field would be more likely to be operating at a loss than the chap who has the subsidy. Would not it be better to provide a subsidy for the two?

Mr. CHEVRIER: I am informed that that would be impossible to do.

Mr. STANFIELD: I should like to add my support to the hon. member for Cumberland in connection with the ferry service across Minas basin. For some years the S.S. *Kipawo* plied across this basin, but when the war came along it was taken away for war service. That was perfectly all right but the people there naturally thought that after the war the *Kipawo* would come back and the service would be restored. However, when the war was finished the *Kipawo* was sold and has never been brought back.

I would point out that it is some 200 miles around this bay, which is a long piece for a motorist to drive when he is in a hurry or for a truck driver to drive when he is moving freight back and forth between points on each side of the bay. I think it is only fair to the people in that part of the country that that service should be restored. I understand that the subsidy was not large, and it would be a great help in having produce moved back and forth. It would also aid tourists and motorists who wanted to get around the 200 miles in a short time.

It would not be necessary to build wharves or anything else at Parrsboro, Wolfville or Hantsport, as these places already have good docking facilities. I suggest they should call at Hantsport as well as Kingsport, as Hantsport is on the main highway and more convenient for motor traffic. I would ask the minister to give consideration to having this service on the Minas basin restored.

Mr. HERRIDGE: I wish to support what has been said by the hon. member for Vancouver North, the hon. member for Nanaimo and the hon. member for Comox-Alberni. I am particularly interested in the mention by the hon. member for Nanaimo of a subsidy paid to a small line operating on fresh water. That gives me hope that our transportation situation on the Arrow lakes will be solved.

For twenty years we have had a poor steamship service. The company claims that they have been operating at considerable loss. The lake is 140 miles long, and the steamship line serves many isolated farmers, fruit growers, lumbermen and people of that sort, who depend entirely on steamship transportation, and the service has been very poor.

In view of the fact that this company has been operating for a number of years at a loss; in view of the fact that they have to spend up to $600,000 to build a new steamer

in order to give improved service, is there any possibility of a subsidy being considered if an application is made?

Mr. CHEVRIER: The answer is yes.

Mr. PEARKES: Do I understand the minister to say that one of the conditions of granting a subsidy or subvention is that efficient service is being rendered? There are isolated points along the south and west coasts of Vancouver island where the mail is delivered by steamer only once in ten days. The steamer leaves Victoria, goes up the west coast, turns around and comes back, the round trip taking about ten days. Under modern conditions, to receive mail only once every ten days cannot be considered as efficient service. When passengers have no opportunity to go out to do their shopping or their business in Victoria more often than once in ten days it is not efficient service.

Surely if the subsidy were increased a more efficient service could be rendered. I know the Canadian Pacific is a large company and there are only small people who live out in these villages. I wonder if this large company is not trying to cover up its losses by charging high rates for freight and passenger service in an effort to make up the lack of assistance that it receives?

Mr. CHEVRIER: I do not think I was using the word "efficient" in the sense that my hon. friend understood it, or if I was, that was not my intention. I am informed that one of the conditions of granting a subsidy is that the service is essential for the economic needs of the community. It need not necessarily be an efficient service as my hon. friend understands it. He has referred to a service once in six, seven or eight days, but it is not on that basis that a subsidy is granted. It is granted on the basis of the economic needs of the community.

Mr. GIBSON (Comox-Alberni): It seems to me that I smell a badly decomposed rat. The minister says he has taken over from the Department of Finance the operation which was carried on during the war to keep fares down and to meet advanced costs.

Mr. CHEVRIER: I cannot allow my hon. friend to say that. I did not say any such thing. I said that during the war the Department of Finance operated a stabilization fund which went out of existence on January 1. Since then and because of that, applications have been made for increased subsidies. That is not what my hon. friend is saying.

Mr. GIBSON (Comox-Alberni): The necessity for increased subsidies must be due to the fact that the stabilization fund has been discontinued.

Mr. CHEVRIER: And higher costs.

Mr. GIBSON (Comox-Alberni): During the war we endeavoured to keep fares down, and that was a worthy object, but because of that we are paying higher subsidies. We pay subsidies to some companies, while other companies do not get a subsidy. How is a company that is just starting in to compete with a company that is subsidized? Actually it is not just $79,000 but close to $400,000, because the minister brought in supplementaries amounting to approximately $350,000. This means that $400,000 went to these selected companies on the Pacific coast, Union Steamships, Canadian National Steamships—

Mr. CHEVRIER: Not Canadian National but Canadian Pacific, and Union Steamships.

Mr. GIBSON (Comox-Alberni): Just two companies. But there are many smaller companies operating and providing a vastly improved service, which have to compete with these large companies which the taxpayers are subsidizing to the extent of $400,000. That is not fair to the smaller companies.

Mr. CHEVRIER: If there is any company which feels it needs assistance and can establish that it is operating at a loss it can make application and it will be considered, but if the company does not make application, my hon. friend would not suggest that we go out and give it a subsidy?

Mr. GIBSON (Comox-Alberni): No; what I am saying is that you are subsidizing these two large companies to the extent of $400,000, which probably allows them to charge less than a proper fare.

Mr. CHEVRIER: They are not subsidized on that basis but on the basis of an operating loss, and we make sure, through a firm of auditors, that they are operating at a loss and need the subvention in order to make receipts balance with expenditures.

Item agreed to.

Mail subsidies and steamship subventions—
Eastern local services—

496. Baddeck and Iona, service between, $12,000.

Campobello, N.B., and Lubec, Maine, service between, $3,000.

Chester and Tancook island, winter service between, $2,640.

Dalhousie, N.B., and Miguasha, P.Q., service between, $12,000.

Deer island, Campobello island, and St. Andrews, N.B., service between, $2,000.

Grand Manan and mainland, service between, $85,000.

Halifax, Canso and Guysboro, service between, $20,000.
Halifax, LaHave and LaHave river ports, service between, $3,000.
Halifax, Sherbrooke, Spry bay and Torbay, service between, $11,200.
Halifax and ports on west coast of Cape Breton, service between, $6,000.
Isle aux Coudres and Les Eboulements, service between, $3,500.
Isle aux Coudres and Quebec or Levis, service between, $4,000.
Isle aux Grues and Montmagny, P.Q., service between, $2,500.
Mulgrave and Arichat, service between, $25,000.
Mulgrave and Canso, service between, $64,000.
Mulgrave and Guysboro, calling at intermediate ports, service between, $14,000.
Murray bay and north shore of the St. Lawrence, winter service between, $50,000.
Owen Sound and ports on Manitoulin island and Georgian bay, service between, $65,000.
Pelee island and the mainland, service between, $11,000.
Pictou, Mulgrave and Cheticamp, service between, $11,000.
Pictou, Souris and the Magdalen islands, service between, $60,000.
Prince Edward Island and Newfoundland, service between, $54,000.
Prince Edward Island and Nova Scotia, service between, $100,000.
Quebec, Natashquan and Harrington, service between, $127,500.
Quebec, or Montreal and Gaspe, calling at way ports, service between, $90,000.
Rimouski, Matane and points on the north shore of the St. Lawrence, service between, $75,000.
Riviere-du-Loup and St. Simeon, and/or Tadoussac, service between, $21,000.
Saint John and Minas basin ports, service between, $10,000.
Saint John, Westport and Yarmouth, and other way ports, service between, $31,500.
Sydney and Bay St. Lawrence, calling at way ports, service between, $35,000.
Sydney and Bras d'Or lake ports, west coast of Cape Breton, and Prince Edward Island, service between, $22,500.
Sydney and Whycocomagh, calling at way ports, service between, $20,500.
Yarmouth, N.S., and Boston, Mass., service between, $28,667.
Total, Canadian maritime commission, $1,315,756.

Mr. McLURE: Who are the contractors for the Pictou, Souris and Magdalen islands service, and do they set their own rates on all freight? I would also ask the same question with respect to the Prince Edward Island and Newfoundland service, which runs from Charlottetown to Newfoundland, and also takes in Montreal and other ports. This Newfoundland service is of great benefit to the farmers of Prince Edward Island. We are the only island province in the dominion, and for that reason are more interested in transportation than any other province. We find that this Prince Edward Island-Newfoundland service is one of our greatest assets for the shipping of goods by our farmers. Who are the contractors on that service?

The Prince Edward Island and Nova Scotia service, which is called the Wood Island-Cariboo service, has been built up within the last few years and is operated by Northumberland Ferries Limited. No one can dispute that it is giving an excellent service to Prince Edward Island. One of the few things in connection with this service which the contractors do not have to look after is the docks. The docks at Cariboo are fair, but the docks at Wood Island are far from adequate to take care of the shipping that is done there. Most of the freight originates at Wood Island. I would ask the minister to give that matter his careful and sympathetic consideration.

As I said, transportation is the most important thing to our island province. I do not see an item in these estimates, but I hope there will be one in the supplementaries for a subsidy to a new ferry which I understand will be established between West Point and Buctouche. That is one of the parts in the western end of our province which has been sadly neglected, and I hope that some consideration will be given to it.

Mr. CHEVRIER: The operators of the service between Pictou, Souris and the Magdalen islands are the Magdalen Island Transportation Services Limited. The operators of the service between Prince Edward Island and Newfoundland are the Inter Island Steamship Company, and for the service between Wood Island and Cariboo, Northumberland Ferries Limited. A service between West Point and Buctouche is under consideration.

Mr. McLURE: Do they set their own rates?

Mr. CHEVRIER: Yes.

Mr. MacNICOL: Do the docks at Cariboo come under the control of the transport department?

Mr. CHEVRIER: They certainly do not come under the control of this particular branch, the maritime commission. I am informed that they come under the Department of Public Works.

Item agreed to.

Railway service—

497. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $64,000.

Mr. SKEY: Would the minister take advantage of this item for railway cars to make a statement to the committee on rolling stock, with special reference to passenger rolling

stock of the Canadian National and state whether anything is being done to replace and perhaps modernize the sleeping accommodation so as to give a little better service to the public, now that we have passed through the difficult war years?

Mr. CHEVRIER: If my hon. friend will look through the first discussion that took place on these estimates he will find a statement there, although it is not a full one. My recollection is that I said something like this. The Canadian National, and I am sure the Canadian Pacific as well, were continually moving in the direction of modernizing their equipment. Boxcars, which is an important part of the equipment of both railways, are being built. Both railways have a program for the building of boxcars, refrigerator cars, ore cars, diesel switching locomotives as well as coaches. Extra coaches are being built in the various shops. For the year 1948 the new equipment program contains twenty sleeping cars, twenty-five air-conditioned coaches, and a long list of other equipment, 2,000, 50-ton boxcars, 700, 50-ton boxcars, 140 boxcars. The list is interminable. I can assure my hon. friend that the railways have an up-to-date new equipment program.

Mr. SKEY: If they are building only twenty sleeping cars and twenty-five coaches this year one might as well say that the passenger facility program is waiting, pending the transportation side of the business, the boxcars and the working equipment of the railway.

Mr. CHEVRIER: Yes.

Item agreed to.

Railway service—

498. Hudson Bay railway—construction and improvements, capital, $88,000.

Mr. FRASER: I note that the word "capital" appears in this item. Does that mean improvements to some of the buildings?

Mr. CHEVRIER: Yes.

Mr. FRASER: Or is it rolling stock?

Mr. CHEVRIER: It is for the building of a new freight office at The Pas, Manitoba, at a cost of $80,000. The $8,000 is for installation of two new culverts and extension of The Pas station platform.

Item agreed to.

Railway service—

499. Hudson Bay railway—to provide for the difference between the expenditures for operation and maintenance, and revenue accruing from operation during the year ending March 31, 1949, not exceeding, $500,000.

Mr. FRASER: Has there been some improvement on this line in the amount of revenue, because at Churchill we have a United States detachment of 300 or 400 men?

Mr. CHEVRIER: There was a decrease over last year, a deficit of $25,000. During the war years, of course, the operation was profitable for one or two years.

Mr. FRASER: There are United States men there at the present time?

Mr. CHEVRIER: Yes. The movement of passengers, because of the airport, would not affect the revenues greatly.

Mr. FRASER: The freight rates on that line are so high I wondered if there was an improvement.

Mr. CHEVRIER: They were put into operation recently, if the hon. member is referring to the 20 per cent increase.

Mr. FRASER: No, I did not mean that. The rates were high before the increase.

Mr. CHEVRIER: They are on the same level as the prairie scale; the same scale, not any higher.

Mr. KNOWLES: The hon. member is right; they are high.

Mr. FRASER: It costs a lot of money to use that line.

Mr. CHEVRIER: I suppose relatively everything is high.

Mr. FRASER: Yes, the sky is the limit. To get an automobile over to Churchill from The Pas costs so much that it is almost out of sight. It costs almost the worth of the car to get it there. Because of the United States forces at Churchill, I wondered whether the revenues did not jump up a bit. Of course the cost of maintaining the line would jump at the same time.

Mr. CHEVRIER: Yes, the revenues did jump up, but the cost overtook them and the deficit is about the same.

Mr. MOORE: Do the station and the freight shed at The Pas belong to the Canadian National railway or to the Hudson Bay railway? What rental is paid by the one who makes use of the property to the one who owns it?

Mr. CHEVRIER: I am informed that the station belongs to the Hudson Bay railway.

Mr. MOORE: What is the rental paid?

Mr. COLDWELL: What rent is paid by the Canadian National to the Hudson Bay railway?

Mr. CHEVRIER: For the operation of the whole line it is $1,000 a month. I would have to get the information with respect to the use of the station.

Mr. MOORE: Will the minister find out for me what rental is paid for the use of the four miles of track between The Pas and Flin Flon junction? I understand that it belongs also to the Hudson Bay railway and is used by the Canadian National.

Mr. CHEVRIER: I shall have to get that information for the hon. gentleman; I have not it here.

Mr. MacNICOL: Does the minister know offhand the number of millions of bushels of grain that was shipped from Fort Churchill last year to the old country?

Mr. CHEVRIER: Speaking from memory, I think it is 5,000,000 bushels.

Mr. COLDWELL: How many ships came in?

Mr. CHEVRIER: About nineteen.

Mr. McCULLOUGH (Assiniboia): There is a decrease in this appropriation. I should like to know the reason for that. Is consideration being given to the whole matter of using the Hudson Bay route for the export of wheat? As the minister knows, western farmers have made representations to the government asking that this port be used to the fullest extent, because it will mean that farmers will get from six to eight cents a bushel more for their wheat. Because of the knowledge gained by the government during the war regarding the use of that port, we are anxious that full advantage be taken of it. I suggest that in the future the government make plans to have grain shipped there, so that we can have a real test of the Hudson Bay port and find out whether it is feasible to use it for both export and import, for cargoes coming into and going from western Canada.

Mr. CHEVRIER: The hon. member asks why the decrease. It is because of the increased cost of operation. There was a difference of $25,000 between last year and this year. On the question of traffic moving, I have already dealt with that on two occasions, and my colleague, the Minister of Trade and Commerce dealt with it the other day.

With reference to grain, all I can tell the hon. gentleman is that the chairman of the wheat board has advised the officers of my department that he hopes to fill the elevator with 2,500,000 bushels of the old crop. Any additional movement of the new crop would depend on crop and harvest conditions at present unknown. I do not know what the position is with regard to lumber. It was thought at first that some lumber could be shipped, but it is doubtful if that can be done. With regard to incoming cargo, I expect that it will be greater this season than last season.

Mr. MOORE: A year or two ago the present Minister of Trade and Commerce informed the house that the capacity of the shipping route in one season from Churchill would be approximately 20,000,000 bushels. It was argued at that time that if 20,000,000 bushels could be shipped from Churchill in one season—

The DEPUTY CHAIRMAN: Order. This item reads:

499. Hudson Bay railway—to provide for the difference between the expenditures for operation and maintenance, and revenue accruing from operation during the year ending March 31, 1949, not exceeding $500,000.

That is all the item says.

Mr. MOORE: That is the very point I was coming to. Since the property at Churchill is largely owned by the federal government, we would like to see some policy adopted by which the government would make use of these facilities to ship through the port the amount of grain for which it was designed to handle in one season. If that were done the railroad could be made to pay the cost of operation.

Mr. CHEVRIER: I cannot add any more to what I already said when the hon. gentleman spoke on this before, namely, that it would require about 25,000,000 bushels of grain to make this a profitable operation. It has not been possible for the wheat board to do this in the past. Actually the wheat board has been asked to move as much wheat as it could, and the opinion I have is that it is hoped to fill the elevator to capacity with 2,500,000 bushels this year.

Item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): Tomorrow we have two short bills. I am told they are not contentious.

Mr. BLACKMORE: We cannot hear what the minister is saying. Will he speak a little louder?

Mr. FOURNIER (Hull): Tomorrow we shall take up two short bills at the outset.

The first one will be Bill No. 339, to amend an act respecting the national battlefields at Quebec. The second one will be Bill No. 335, to amend the Criminal Code (race meetings). Then we shall go into supply in the departments of—

Mr. MacNICOL: What is the third bill?

Mr. FOURNIER (Hull): The second bill is Bill No. 335.

Mr. BLACKMORE: What are the items in supply?

Mr. FOURNIER (Hull): I shall be there in a minute. In supply we shall take the following departments. We shall continue with transport, then take Secretary of State, trade and commerce, reconstruction and supply, veterans affairs and national health and welfare, though not necessarily in the order I have indicated.

Mr. McCULLOUGH (Assiniboia): May I ask the minister when we may come to the resolution on the international wheat agreement standing in the name of the Minister of Trade and Commerce?

Mr. FOURNIER (Hull): I could not say tonight. I will inquire.

Mr. CHEVRIER: I was asked the same question last night. I brought it to the attention of the Minister of Trade and Commerce (Mr. Howe), and I think he would like to go on with it as soon as possible. However I think it is the intention to deal with these bills first.

It being five minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

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

DEPARTMENT OF JUSTICE

116. Departmental administration, $235,350.

117. Remission service, including remuneration to members of the Royal Canadian Mounted Police force (to be expended under order in council, and not to exceed $1,600) for assistance to this service, and an amount of $17,100 to reimburse the Royal Canadian Mounted Police force the amounts disbursed by them in ordinary pay and allowances to their men on loan to this service, $65,741.

Administration of justice—

118. Miscellaneous expenditure, $10,000.

119. Expenses of litigated matters, $25,000.

120. Annual contribution to the Canadian Law Library, London, England, $500.

Supreme Court of Canada—

121. Administration, $100,665.

[Mr. Fournier (Hull).]

Exchequer Court of Canada—

122. Administration, $74,381.

Yukon Territorial Court—

123. Administration, $5,040.

124. Payments of gratuities to the widows or other dependents of judges who die while in office, $15,000.

126. Bankruptcy Act administration, $30,935.

Office of the commissioner of penitentiaries—

127. Administration of the office of the commissioner of penitentiaries, including $25,000 for grants to recognized prisoners' aid societies, as may be approved by the governor in council, $193,711.

128. Operation and maintenance of penitentiaries, including administration, construction, purchase of land, supplies, equipment and livestock; maintenance, discharge and transfer of convicts; compensation to discharged convicts permanently disabled while in penitentiaries, $5,936,108.

Pensions and other benefits—

129. William Tatton, $564.

Demobilization and reconversion—

130. To provide for expenses in connection with prize courts, $10,000.

DEPARTMENT OF TRANSPORT

463. Departmental administration, $690,670.

Administration of the Transport Act—

464. Board of Transport Commissioners for Canada—administration, maintenance and operation, $463,736.

Canals service—

465. Canals service—administration, $61,500.

466. Canals—operation and maintenance, $3,212,748.

467. Canals—construction and improvements (revote $51,000), $579,660.

468. To provide for expenses in connection with St. Lawrence ship canal surveys and investigations, $30,000.

469. To provide for the carrying out of flow measurements and other expenses connected with the department's supervision and control over the hydro electric power development of the Beauharnois Light, Heat and Power Company, Limited, $2,500.

Marine service—

470. Marine service administration, $34,988.

471. Administration of floating equipment, $29,680.

472. Nautical service administration, $77,190.

473. Marine service steamers, including icebreakers—maintenance, operation and repairs, $2,608,331.

474. Construction, maintenance and supervision of aids to navigation, including salaries and allowances to lightkeepers, $3,387,234.

475. Agencies—salaries and office expenses, $338,897.

476. Maintenance and repairs to wharves, $5,000.

477. To provide for breaking ice in Thunder Bay, Lake Superior and other points deemed advisable in the interests of navigation, $30,000.

478. To provide for Canada's share of the cost of the North Atlantic ice patrol, $20,000.

479. Administration of pilotage, including authority for temporary recoverable advances; contributions, and the operation and maintenance, as required, of necessary pilot vessels in certain pilotage districts, $249,360.

480. Life saving service, including rewards for saving life, $191,285.

481. To provide subsidies for wrecking plants —Quebec and British Columbia, $65,000.

482. Grants of $300 each to the Royal Arthur Sailor's Institution at Port Arthur, Ontario, and the Welland Canal Seamen's Institute, $600.

483. Miscellaneous services relating to navigation and shipping, including grants towards schools of navigation at Queen's university $500, Vancouver, B.C. $2,700 and provision to settle claims by the Board of Trade, London, England, for expenses incurred in respect of Canadian distressed seamen of British ships registered out of Canada, $89,300.

484. Steamship inspection and the carrying out of the provisions of the conventions for the safety of life at sea and load lines, $284,400.

485. Marine signal service, $132,717.

486. River St. Lawrence ship channel—contract dredging in the St. Lawrence river and Montreal harbour, including cost of administration—capital, $3,492,000.

487. River St. Lawrence ship channel—administration, operation and maintenance, $495,278.

488. To provide towards the construction of a service vessel for the eastern arctic patrol—capital, $1,100,000.

489. To provide towards the construction of a lighthouse supply and buoy vessel for the east coast (estimated cost $1,800,000)—capital, $300,000.

490. To provide towards the construction of a lightship for the port of Saint John, N.B. (Estimated cost $850,000)—capital, $100,000.

491. To provide for the construction of a general service workboat to be operated out of Parry Sound, Ont. agency—capital, $30,000.

492. To provide towards the construction of a lighthouse supply and buoy vessel for the west coast (estimated cost $700,000)—capital, $100,000.

Canadian maritime commission—

493. Administration, $134,300.

Mail subsidies and steamship subventions—

494. Administration, $19,949.

Western local services—

495. Prince Rupert, B.C., and Queen Charlotte Islands, service between, $32,000.

Vancouver and northern ports of British Columbia, service between, $37,000.

Victoria and west coast Vancouver Island, service between, $10,000.

Eastern local services—

496. Baddeck and Iona, service between, $12,000.

Campobello, N.B., and Lubec, Maine, service between, $3,000.

Chester and Tancook Island, winter service, between, $2,640.

Dalhousie, N.B., and Miguasha, P.Q., service between, $12,000.

Deer Island, Campobello Island, and St. Andrews, N.B., service between, $2,000.

Grand Manan and mainland, service between, $85,000.

Halifax, Canso and Guysboro, service between, $20,000.

Halifax, LaHave and LaHave river ports, service between, $3,000.

Halifax, Sherbrooke, Spry Bay and Torbay service between, $11,200.

Halifax and ports on west coast of Cape Breton, service between, $6,000.

Isle aux Coudres and Les Eboulements, service between, $3,500.

Isle aux Coudres and Quebec or Levis, service between, $4,000.

Isle aux Grues and Montmagny, P.Q., service between, $2,500.

Mulgrave and Arichat, service between, $25,000.

Mulgrave and Canso, service between, $64,000.

Mulgrave and Guysboro, calling at intermediate ports, service between, $14,000.

Murray Bay and north shore of the St. Lawrence, winter service between, $50,000.

Owen Sound and ports on Manitoulin Island and Georgian Bay, service between, $65,000.

Pelee Island and the mainland, service between, $11,000.

Pictou, Mulgrave and Cheticamp, service between, $11,000.

Pictou, Souris and the Magdalen Islands, service between, $60,000.

Prince Edward Island and Newfoundland, service between, $54,000.

Prince Edward Island and Nova Scotia, service between, $100,000.

Quebec, Natashquan and Harrington, service between, $127,500.

Quebec, or Montreal and Gaspe, calling at way ports, service between, $90,000.

Rimouski, Matane and points on the north shore of the St. Lawrence, service between, $75,000.

Riviere-du-Loup and St. Simeon, and/or Tadoussac, service between, $21,000.

Saint John and Minas basin ports, service between, $10,000.

Saint John, Westport and Yarmouth, and other way ports, service between, $31,500.

Sydney and Bay St. Lawrence, calling at way ports, service between, $35,000.

Sydney and Bras d'Or Lake ports, west coast of Cape Breton, and Prince Edward Island, service between, $22,500.

Sydney and Whycocomagh, calling at way ports, service between, $20,500.

Yarmouth, N.S., and Boston, Mass., service between, $28,667.

Railway service—

497. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $64,000.

498. Hudson Bay Railway—construction and improvements—capital, $88,000.

499. Hudson Bay Railway—to provide for the difference between the expenditures for operation and maintenance, and revenue accruing from operation during the year ending March 31, 1949, not exceeding, $500,000.

HOUSE OF COMMONS

Thursday, June 10, 1948

The house met at eleven o'clock.

VETERANS AFFAIRS

Sixth report of special committee on veterans affairs—Mr. Mutch.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

VETERANS INSURANCE

Mr. PROBE:

1. How much insurance is in force under the Veterans Insurance Act, and how many veterans are involved?

2. How many veterans have been refused insurance under the terms of this act since its inception?

Mr. GREGG:

Return as at June 8, 1948:

1. Veterans' insurance in force, $55,038,465. Number of insured lives, including veterans and others eligible under the Veterans Insurance Act, 18,463.

2. 115.

TAXATION AGREEMENT WITH PROVINCES—ONTARIO AND QUEBEC

Mr. FULTON:

1. How much would be the payments to Ontario and Quebec under the Dominion-Provincial Tax Rentals Agreement Act, 1947, in respect of each of the years 1947 and 1948 if those two provinces had entered the agreements?

2. What was the amount of the collections by the federal treasury under (a) individual income tax; (b) corporation income tax; (c) succession duties, for each of those provinces in the fiscal year 1947-48?

3. Have either of those two provinces entered the tax fields, exclusive use of which was asked for by the dominion beyond the point which would be allowed under the agreements; and if so, what tax fields and to what extent?

4. If the answer to question 3 is in the affirmative does the federal treasury now lose in revenue or have to pay any rebate or make any offsetting adjustment to the taxpayers of Ontario and Quebec as a result; and if so, how much?

Mr. BELZILE:

1. Preliminary estimates of payments which would be payable to the provinces of Ontario and Quebec under the Dominion-Provincial Tax Rentals Agreement Act, 1947, in respect of the years 1947 and 1948, if these two provinces had entered the agreements, are as follows:

	1947	1948
Ontario	$74,012,000	$77,288,000
Quebec	63,056,000	65,929,000

2. Total collections by the dominion government of individual income tax, corporation income tax and succession duties in the provinces of Ontario and Quebec during the fiscal year 1947-48 were as follows:

	Individual* Income Tax	Corporation** Income Tax	Succession Duties
Ontario	$302,406,377	$150,466,340	$15,890,474
Quebec	171,773,056	107,480,594	7,807,023

*Does not include gift tax or deferred tax.

**Does not include excess profits tax or special tax on distribution of accumulated surpluses in the case of private companies.

3. Any provincial government which signs the agreement undertakes not to impose or permit any of its municipalities to impose an income tax or a corporation tax or a corporation income tax, with the exception of (1) a defined 5 per cent tax on corporate income earned within the province (to be levied only until its abolition is requested by the dominion); and (2) any tax on income derived from mining operations or from logging operations levied by the province, or by a municipality in lieu of a tax on property. The dominion does not ask for the exclusive right to levy succession duties.

Neither Ontario nor Quebec has levied an individual income tax.

Both of these provinces, however, have levied a corporation income tax of 7 per cent. This rate is 2 per cent higher than the rate of tax which agreeing provinces may levy under the terms of the agreement.

Ontario and Quebec have also various specific taxes on corporations, such as taxes on capital, taxes on premium income of insurance companies, taxes on railway mileage, etc., which could not be levied under the agreement.

Both Ontario and Quebec levy succession duties which they could continue to levy under the agreement, if they so desired.

4. The dominion treasury does not lose any revenue as a result of Ontario and Quebec using tax fields, the right to use which they

would rent to the dominion if they signed an agreement. If these provinces signed agreements, the dominion treasury would have to make substantial payments to the two provincial governments, but certain taxpayers in the two provinces would pay less in taxes than they do now.

Succession duties paid to the provinces of Ontario and Quebec may be deducted by the taxpayer from succession duties payable to the dominion government up to one-half the amount of the dominion duty. However, this situation would continue if either province entered into an agreement and chose to remain in the succession duty field.

IMMIGRATION FROM BRITAIN

Mr. CHURCH:

1. Has the government any central register in Britain for those who want to emigrate to Canada?

2. As to the announcement made on Thursday, June 3, in the British house by Philip J. Noel-Baker, Secretary for Commonwealth Relations, that 300,000 Britons are waiting to emigrate to Australia, New Zealand and South Africa, has the government of Britain any figures in reference to Canada?

3. What are the figures for Canada of Britons ready to come here; in what cities can they register; what are the conditions governing their coming and what cash are they allowed in dollars?

Mr. MacKINNON:

1. No. It is not necessary for a British subject to register before coming to Canada. The immigration regulations provide for the admission of a British subject by birth or naturalization in the United Kingdom who is in good health and in possession of sufficient means to maintain himself until he becomes established in this country or is destined to relatives or friends in a position and willing to assist him. The immigration branch have centrally located offices in London and Glasgow and will be opening offices at Liverpool and Belfast shortly.

2. Information not available.

3. No information available as prior registration not required. See answer to question No. 1 regarding conditions for coming to Canada. It is understood that British emigrants leaving the United Kingdom are allowed the transfer of $1,000 per annum for four years.

TORONTO POSTMASTER

Mr. CHURCH:

1. Has anyone yet been appointed as director of the post office in Toronto?

2. If so, by whom was he appointed, and where did he reside before?

[Mr. Belzile.]

3. Has the government adopted the policy of transferring heads of post offices in other cities to Toronto?

4. If so, when was such a policy inaugurated by the government instead of the principle of promotion?

Mr. BERTRAND (Laurier):

1 and 2. Mr. W. M. MacLean, postmaster, Hamilton, has been selected by the civil service commission for promotion to the position of postmaster, Toronto, as a result of a competition amongst employees of the Toronto postal district.

3 and 4. In adherence to the principle of promotion which requires the holding of competitions, it has been the policy for many years to advertise vacancies in the more important positions amongst employees of the postal district concerned and to promote the best qualified candidate.

PURCHASE OF FORD HOTEL BUILDING, MONTREAL

Mr. DIEFENBAKER:

1. Are negotiations now being conducted or have they been completed in connection with the purchase by the dominion government of the Ford hotel in Montreal?

2. If the sale has been completed what is the amount of the purchase price?

Mr. WINTERS:

1. Yes.

2. Not completed.

QUESTION PASSED AS ORDER FOR RETURN

GOLD—HOLDINGS, PRODUCTION AND EXPORT

Mr. HANSELL:

1. How much gold (in ounces and value) is presently held in Canada by (a) the Canadian government; (b) the Bank of Canada; (c) Foreign Exchange Control Board; (d) chartered banks?

2. How much gold is held on behalf of foreign governments?

3. How much gold was produced in Canada during each of the years 1942 to 1947?

4. How much gold was exported from Canada and to what countries in each of those years?

TARIFF BOARD ACT

AMENDMENT WITH RESPECT TO TENURE OF OFFICE, APPOINTMENT, ETC.

Hon. ALPHONSE FOURNIER (for the Minister of Finance) moved:

That it is expedient to present a bill to amend the Tariff Board Act in respect to the tenure of office of and appointment of members of the tariff board to serve in a temporary capacity; to bring the staff of the board under the Civil Service Act and the Civil Service Superannuation Act; to repeal obsolete provisions; and to

increase the salary of the chairman of the board from twelve thousand to fifteen thousand dollars annually.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

BUTTER

QUESTION AS TO POSSIBLE SHORTAGE NEXT WINTER

On the orders of the day:

Mr. H. O. WHITE (Middlesex East): I wish to direct a question to the parliamentary assistant to the Minister of Agriculture. In view of the shift in production from butter to cheese, will he tell the house what plans, if any, have been made to protect the consumer from a butter shortage this coming winter?

Mr. ROBERT McCUBBIN (Parliamentary Assistant to the Minister of Agriculture): This matter will be taken into consideration, and an answer will be given later.

Mr. MacNICOL: It is the same answer as was given before.

Mr. GRAYDON: Little Sir Echo.

TRANSPORT

UNLICENSED PASSENGER SHIPS ON INLAND WATERS

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I should like to direct a question to the Minister of Transport. I regret that I did not have time to give him advance notice of it, but it was only since I came into the house this morning the matter was drawn to my attention by the secretary of the Trades and Labour Congress of Canada. Has the minister's attention been drawn to the fact that passengers are being carried on ships in Canada's inland waters without a passenger licence?

Hon. LIONEL CHEVRIER (Minister of Transport): Representations have been made to me that ships have been operating through the canals without the necessary life-saving equipment. I have gone into some of these cases. I found in one instance that this is not being done. I am investigating the other cases which have been brought to my attention, and if the facts are in accordance with the charges made, action will be taken accordingly.

Mr. MacINNIS: The minister referred to the carrying of life-saving equipment. I was aware of that, too; but I was asking more particularly about the question of passenger licences.

Mr. CHEVRIER: The complaints I received were with reference to carrying passengers in excess of the life-saving equipment. The question asked was answered in that light.

Mr. MacINNIS: Will the minister investigate the matter of passenger licences as well?

Mr. CHEVRIER: Yes. If I remember correctly, this is the first instance where I have heard representations of that kind. The others were as suggested a minute ago.

SHORTAGE OF PERSONNEL ON SHIPPING ON INLAND WATERS

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I should like to address a question to the Minister of Transport; since we are sitting in the mornings, there was no opportunity to give notice to the minister. My question comes from the same source as that of the hon. member for Vancouver East (Mr. MacInnis), and has to do with ships sailing on Canada's inland waters. On those ships there has been a serious shortage of personnel. Has this been brought to the minister's attention; if so, what steps can he take to remedy the situation?

Hon. LIONEL CHEVRIER (Minister of Transport): Instances have been brought to my attention, although I do not know whether they include the particular question the hon. member has in mind. I would not attempt, however, to reply to the hon. member's question at this time. I shall look into the matter.

Mr. COLDWELL: Does the minister not consider that undermanned ships are a menace to navigation of other ships which are fully manned? Is there not danger of collision?

Mr. CHEVRIER: Ships have to be manned by a certain crew. If they are undermanned, a breach of the regulations or of the act has been committed. If reports as to breaches of the act are brought to my attention and prove to be accurate, I shall deal with them accordingly.

OLEOMARGARINE

REQUEST FOR REFERENCE TO SUPREME COURT OF CANADA

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, before the session closes, would the Attorney General (Mr. Ilsley), by means of

reference to the Supreme Court of Canada, under the authority of the Supreme Court Act, give consideration to the question of oleomargarine, both as to its national and international implications? Perhaps the minister will take my question as a notice, and reply tomorrow.

Right Hon. J. L. ILSLEY (Attorney General): All right.

INCOME TAX ACT

REQUEST FOR DISTRIBUTION OF PRINTED COPIES

On the orders of the day:

Mr. P. C. BLACK (Cumberland): Mr. Speaker, I should like to ask a question of the Minister of Finance (Mr. Abbott). As the minister is not in his seat, perhaps his parliamentary assistant will answer. When may we expect printed copies of the Income Tax Act? I encouraged the minister to have the legislation advanced, and it received second reading on Tuesday. I made inquiries late this morning, but thus far I have been unable to obtain a copy.

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): I understand the bill has had first reading. If it has, then it is only a matter of printing.

Mr. KNOWLES: The bill has had second reading.

Mr. MAYHEW: I shall look into the matter and find out why the bill has not been distributed. It should have been.

Mr. GRAYDON: The farmers would like to have a look at it.

An hon. MEMBER: The election is over.

[*Later, in committee of the whole:*]

Mr. MAYHEW: This morning the hon. member for Cumberland asked a question in reference to printed copies of the income tax bill not being available. I want to point out that it is now in the boxes of hon. members. It is a lengthy document, and that was the reason for the delay.

EDUCATION

QUESTION AS TO GRANT FOR OPERATION OF SCHOOL AT CHURCHILL

On the orders of the day:

Mr. RONALD MOORE (Churchill): Mr. Speaker, I should like to ask a question of the Minister of Transport, of which I have given notice. Have officials of the department of education in Manitoba communicated with the Department of Transport or any other department of the federal government requesting an increase in the educational grant for the operation of a school at Churchill?

Hon. LIONEL CHEVRIER (Minister of Transport): I cannot speak for any other department but my own. So far as the Department of Transport is concerned, no application has been made for a grant with reference to education.

NATIONAL BATTLEFIELDS

QUEBEC—PAYMENT TO COMMISSION OF $1,000,000 OVER PERIOD OF TEN YEARS

Mr. GLEASON BELZILE (Parliamentary Assistant to the Minister of Finance) moved the second reading of Bill No. 339, to amend an act respecting the national battlefields at Quebec.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Payment of $100,000 a year for ten years authorized.

Mr. CHURCH: This is a most laudable bill. I saw the battlefields many years ago, when the fields and the monuments were in a state of decay. The government has done good work in the past few years in reconditioning these battlefields, and I commend them for what has been done. Canada has not shown the gratitude she owes to her heroes of the past.

I am pleased to see this action to increase the grant to preserve these national monuments, so that they may impress properly the new settlers who come up the St. Lawrence when they first arrive in Canada. As they pass these historic sites they will learn something of the other people who came to Canada in the early days.

I should like to see the principle of the bill applied in the Niagara district. A former Ontario government did good work in reconditioning the battlefields of the war of 1812-14, in which important engagements took place in the Niagara district. There is still, however, a great deal of work to be done there. I hope the government will continue its present policy and make it national in scope. This work of improvement should be a national project, so that we may properly honour the heroes who have served us.

Section agreed to.

On section 2—Acquisition of certain lands authorized.

Mr. FULTON: This is an unusual section, inasmuch as it gives notice in advance that

the government, or a government agency, intends to buy a certain tract of land. Normally this would give opportunity to speculators to get in ahead, and then hold up government purchasers for a big price. Have any steps been taken to prevent the government's being held up in this way?

Mr. BELZILE: No expenditure is involved in this transaction, other than the normal payment for the necessary deeds and documents. We will acquire this land from the national harbours board, and it will be only a matter of a simple transfer.

Mr. MacNICOL: Has the parliamentary assistant considered my suggestion of the other evening, namely, to take in some land at the mouth of the Montmorency river, at which point there was severe fighting between Wolfe and Montcalm; also the land on the isle of Orleans where Wolfe's camps were located, and where the lines must be still visible, and at Point Levis, where further lines were established? Is it the intention to include all these historic sites for preservation?

Mr. BELZILE: As the hon. member for Davenport knows, most of that part situated east of the city of Quebec, alongside the Montmorency river, is low and marshy. That was the site of Wolfe's first disembarkation. On account of the low and marshy land I do not believe it would be practicable; on the contrary it would be difficult and expensive, to beautify those grounds. I understand that higher up the river and above the falls the fields are now occupied by a golf course and other developments of the kind; the grounds are well cared for, and cairns have been erected to commemorate what happened there. They were put up by the historical society of Quebec.

Mr. MacNICOL: What about Ile d'Orleans and Point Levis?

Mr. BELZILE: That is farming country, and I do not know what could be done there.

Mr. FRASER: If the commission are doing any repair work on this property I hope they will not make a mess of it as the national parks commission did at Fort Prince of Wales at Churchill. An old gateway there had fallen down, and they erected a new one of concrete instead of using the old stone with which the other gateway had been built. It spoiled the whole thing.

Mr. BELZILE: I can assure the hon. member that this is a beautiful park that is well kept. This commission endeavours to duplicate what was there before.

Mr. LOCKHART: Where does federal jurisdiction end and provincial jurisdiction begin in connection with these battlefields?

Mr. BELZILE: The act of 1908 contained a provision under which any province that contributed $100.000 to the fund would be entitled to appoint one commissioner. The provinces of Quebec and Ontario each contributed $100,000 to the fund, and under section 1 of the act they were entitled to appoint one commissioner, while the federal government appointed seven commissioners. The commissioner for Ontario is Hon. William H. Price.

Mr. McCULLOUGH (Assiniboia): The government is to be commended for keeping up this memorial and agreeing to pay from the consolidated revenue fund certain sums of money for its development. I understand that the commission consists of seven members.

Mr. BELZILE: Seven federal and two provincial; nine in all.

Mr. McCULLOUGH (Assiniboia): Could not this commission handle other historic sites across Canada, or are their activities confined to this site in Quebec? There are many historic sites across Canada, such as those commemorating the Red River rebellion, which should be kept up.

Mr. BELZILE: This commission was appointed to look after the battlefields of Quebec. Other historic sites in Canada are looked after by different boards or commissions.

Mr. McCULLOUGH (Assiniboia): Is there not an unnecessary expenditure of money when the one commission could handle all the sites across the country?

Mr. BELZILE: A fund was raised to commemorate the centenary of the founding of Quebec by Champlain in 1608. Private subscriptions amounted to some $468,000, and the dominion government added $300,000 in 1908, and the provincial governments of Ontario and Quebec added another $200,000. There was some money left over from the cost of the celebration, and the commission was set up and acquired the battlefields of Quebec in order to overcome the neglect of the previous years.

Mr. McCULLOUGH (Assiniboia): Is this commission responsible to the governor in council?

Mr. BELZILE: Oh, yes—to this parliament.

Mr. McCULLOUGH (Assiniboia): Is the property which it is intended to purchase contiguous to the present site?

Mr. BELZILE: It is the actual site of the battle of the Plains of Abraham in 1759 and of the battle of Ste. Foy in 1760.

Mr. McCULLOUGH (Assiniboia): The new property will be just an extension?

Mr. BELZILE: The new property is being bought because a road which ran along the boundary of the park was moved by the municipality of Sillery. This left about 60,000 square feet of land between the old Champlain road and the new road. There was a bad curve there which was straightened out. The commission felt that this land should not be left in the hands of the municipality, because it might be sold to someone who would erect a building and spoil the appearance of the park.

Mr. GILLIS: I am not opposed to this bill, but after listening to the discussion it seems to me that this is another example of the national government catering to the provinces which might have $100,000 to enable them to come into this national commission. If the bill were to set up a commission to deal with all of Canada, and money were to be spent for the development of historic sites, I would say it was all right, but I do not like the idea of putting a gun to the head of a province and asking for a contribution of $100,000 so that they may come within the scope of this national commission. It is not a national commission; it is a commission to look after historic sites in the two central provinces from a national point of view. That is what it means.

Personally I do not like the idea of perpetuating or glorifying war. I do not like the idea of keeping before our children memories of battles that were fought, of people who died in battle and of victories we were supposed to have won. You do not win anything in a war. As long as we keep reminding our people of war by monuments of this kind; as long as we continue to glorify war and perpetuate the idea of war, we will forget that no one ever wins anything from war. There is nothing to glorify.

I sat on the reconstruction committee in 1942 along with many members of this house. Representations were made by people from every section of the country and every social stratum as to the rehabilitation of this country following war. The consensus of opinion of that committee was that after the second world war was over there were to be no more stone monuments to commemorate it. The whole house endorsed the committee's recommendation that the kind of monument to be erected should be a cultural centre in every section of Canada to commemorate those who had laid down their lives in the preservation of freedom. I remember hearing representations from the library association, representing all Canada, that a national library should be established, and today in Ottawa a national convention is being held at which that very subject will be discussed. It disturbs me to find how short are the memories of the members of this house. Everybody was agreed then on the kind of monument we should erect, but now, only a few years later, all that seems to have been forgotten. Now we have before us a bill setting up a commission, which is national in name only, since it relates to only two provinces and ignores entirely the principle that was laid down by the reconstruction committee of 1942. These battlefields tend to perpetuate war. The more money you spend on this kind of thing, the more strongly people will feel that there must be other wars. But apparently the government has adopted the policy of catering to a province which can put up $100,000 and is setting up a national commission which will be paid for by the taxpayers of all Canada; and mind you, every province will contribute its proportionate share, although they are not all included in this scheme. In my own part of the country there are many historic sites, but to have anything done about them you have almost to use a miner's rod to search out who is responsible for caring for them. I wish good luck to Quebec, but the principle of perpetuating war by monuments and that kind of thing is contrary to my way of thinking.

I am disappointed that the recommendations of the reconstruction committee with regard to the development of cultural centres across this country as war memorials are not being carried out by this bill. The bill rather indicates to me that we are going back to where we left off, educating our people in the glorification of war.

Mr. MacNICOL: I am afraid that my hon. friend is not familiar with the purpose of the vote before the house. I attended the tercentenary celebration of the founding of Quebec by the great Champlain, and I know that those who were in charge of the program thought that it would be a sad mistake to leave what is now a very beautiful park in Quebec city, which embraces the battlefield of the Plains of Abraham as well as the battlefield of Ste. Foy, to be exploited by anybody and everybody. From the beginning I have been a supporter of this park. As the parliamentary assistant has very well said the purpose of this vote is to acquire additional land to complete the outline of the park, land which might otherwise be acquired by private individuals who would exploit it, so that it would be of no benefit whatever to that great park. It is a

magnificent park, Mr. Chairman, and is very well looked after. There are only two monuments there, one to Wolfe, and the one at Ste. Foy, which suggest that the park was once a battlefield.

The hon. member for Cape Breton South was not fair. He apparently forgot Louisburg, Nova Scotia, where the government took over a very large acreage, restored the old lands, and made a great park out of the territory adjacent to the ruins of old Fort Louisbourg. The same can be said of Fort Beausejour. My hon. friend has been there, I am sure; for he could hardly pass it without going in. All that land around Beausejour has been acquired and made into a beautiful park. People go there to see the museum and admire the park. I am in accord with that, Mr. Chairman. I do not believe in forgetting the past. I think we should hold more to the past than we have been doing.

Some of the remarks made by the hon. member for Assiniboia were in order, but he did not seem to know that all our historic sites are looked after by the historic sites and monuments board. No matter where you go in the west you will find monuments erected by the board. They are erecting a number of them now.

Mr. GILLIS: Why not put them all under one commission?

Mr. MacNICOL: The national battlefields commission at Quebec was established long before the historic sites and monuments board. I am not arguing that all these sites should come under one body. I am arguing that this is a sound vote, because it will take out of private circulation a piece of property which should be added to a great national park in a city that is growing very rapidly; it will eventually have half a million population and will need every foot of that park.

Mr. McIVOR: I am sorry that I cannot agree with the hon. member for Cape Breton South.

Mr. FRASER: You ought to be glad you can't.

Mr. McIVOR: I read in the old Book that Moses set up a stone and said: By this stone ye shall know of the victory that Israel won over the Egyptians. It would be a sad day for Canada if our historic sites should be overgrown with weeds. These things tell their tale, and I do not think this money is badly spent.

Mr. FERGUSON: I certainly cannot agree with the hon. member for Cape Breton South. Our battlefields in this country show to coming generations what the veterans of the past did to make this country what it is. It would be a shame to allow the Plains of Abraham, Queenston Heights and other battlefields throughout Canada to become overgrown with weeds. Queenston Heights commemorates the days when the French and British fought side by side in the defence of this country. To keep these historic sites in a proper state of preservation certainly will not antagonize the people of the United States, but will remind them of how a handful of people in this country preserved their homes and their freedom. Without such monuments the coming generations would have little to remind them of what the pioneers in Canada did and suffered and died for in order to make this country what it is today.

I do not believe the hon. member for Cape Breton South wants all of these historic sites obliterated. They should be turned into the finest parks we can possibly make, so that our people will realize that wars do not help us very much. If it is necessary to fight a war for an ideal, whether it is won or lost, the heroes of that war on both sides should be commemorated in a proper manner.

Mr. GILLIS: By remembering the ideal, and doing something about it.

Mr. BLACK (Cumberland): I partly agree with my colleague from Nova Scotia, but I have to separate from him if he says that the historic sites should not be preserved and historic monuments set up. I feel that there has been some discrimination against the historic sites of the maritime provinces. I believe preference is given to the city of Quebec. I am not opposed to this bill; I am in favour of it. I am in favour of what the minister has said, but I wish to point out that in the maritime provinces we have historic sites of great importance to this country. One of these sites is Fort Louisbourg, in the constituency of the hon. member for Inverness-Richmond. Others are Fort Beausejour, in Westmorland county, adjoining my own constituency; Fort Cumberland, in Cumberland county, and the oldest site of all, Fort Anne, at Annapolis Royal. These sites have been commemorated and preserved to an extent, but it was done belatedly by the federal authorities. A museum has been established at Fort Beausejour, another at Annapolis, and one at Louisburg. I want to pay tribute to Viscount Bennett who gave his support and built the museum at Beausejour during the years of the depression. That museum was erected at the instance of that great Canadian, Doctor J. C. Webster, C.M.G., now chairman of the historical sites and monuments commission. He has done a magnificent

work for Canada. The museum was established and filled to overflowing with collections from our historical past. They are now appealing to the government for an extension to the building. They have already had one addition, but they want further space. It is most unfortunate, Mr. Chairman, that this work was not done a hundred years before it was. If it had not been proceeded with by the late Viscount Bennett and Doctor Webster I doubt whether it would ever have been established, and whether many of these priceless relics of the past would have been preserved. I am in favour of this bill, and I want the minister and the government to give further consideration to the extension of these historic sites in the maritime provinces and give further grants to the museums in these three places to which I have referred in order that such relics of the past that we have may be preserved for all time, and that whatever further relics can be secured may be housed and the historic sites commission made responsible for their preservation.

Mr. CHURCH: I wish to say that the inscription on the memorial on the Plains of Abraham should be in all the history books of this country. I shall never forget what Macaulay said about the principle embodied in this bill. He said:

> The various tombs of the captains have been sought and repaired and embellished. It is impossible not to respect the sentiment which manifests itself in these tokens. It is a sentiment which appeals to the higher and purer part of human nature and adds not a little to the strength of states. A people that takes no pride in the noble achievements of remote ancestors will never achieve anything worthy to be remembered.

I commend to the government that principle enunciated by Macaulay and express the hope that all the battlefields and historic sites in Canada will be marked out and honoured.

Section agreed to.

Bill reported, read the third time and passed.

CRIMINAL CODE

INCREASE OF PERCENTAGES RETAINED FROM PARI-MUTUEL BETTING POOLS

Hon. ERNEST BERTRAND (Postmaster General, for the Minister of Agriculture) moved the second reading of Bill No. 335, to amend the criminal code.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

[Mr. Black (Cumberland).]

On section 1—Percentage deduction retained by the association.

Mr. CHURCH: We passed a bill the other night about horses consumed for meat. Is there any necessity for this one now? Since they have eaten all the horses, there will be no further need for racetracks.

Mr. BERTRAND (Laurier): I am told there are a few left.

Section agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

DEPARTMENT OF TRANSPORT

Railway service—

500. Prince Edward Island car ferry and terminals—construction and improvement of terminal facilities—capital, $3,547,000.

Hon. LIONEL CHEVRIER (Minister of Transport): Perhaps I can clear up some of the points that were left in abeyance last evening.

The hon. member for Peterborough West asked some questions with reference to lots 122, 123 and 124, concession 1, west Yonge street. He felt that the sale price in comparison with the purchase price a few years previously was high. I have inquired into the details of the sale and I find that these lots, 122, 123 and 124, concession 1 west of Yonge street, township of East Gwillimbury, are comprised in a parcel of marshland 400 feet wide by 2,400 feet long, 21 acres in extent. This parcel of land was purchased as the site for a proposed channel connecting the east and west branches of the Holland river. The property is low-lying marshland of no value to the department and of little value to anyone else unless reclaimed by diking and pumping. This parcel was advertised, together with other parcels, but no tender being received, the sale price was set by negotiation.

There was a question with regard to weeds, and I assured my hon. friend the member for Muskoka-Ontario that I would look into the matter. I have a statement which I think will meet with his approval. I did not refer the matter to the Department of Justice but to counsel in my own department and the statement, I think, meets the position.

In the first place, there is no statutory obligation to cut weeds growing in navigable

waters. Second, the Department of Transport has hitherto cut weeds in the main channels of the Trent canal system, and the department will continue this practice. In the third place, in the case of other channels than main channels of the Trent canal system, where weeds impede the navigation of small boats the department will consider in each case whether it is in the public interest to make an expenditure for cutting weeds. Fourth, the Department of Transport has no responsibility with respect to weed cutting in navigable waters other than in the canals under its jurisdiction.

There was some question last night in connection with the item which provided for the lightship *Lurcher*, and I was asked why we had not purchased corvettes from War Assets Corporation. There are several technical reasons why corvettes and minesweepers would not answer the purpose. I have them listed here:

The conversion of corvettes and minesweepers was carefully considered by technical officers of the department and they were found to be unsuitable as lighthouse supply and buoy vessels. Here are some of the characteristics which must be present on supply and buoy vessels if they are to function efficiently:

1. Wall-sided bow in order to approach buoys without causing damage.

2. Sea kindliness in order to be able to lift buoys in fairly rough weather.

3. A long well-deck forward and near the waterline in order to facilitate lifting of buoys and providing area for storage of buoys, also anchors and chains.

4. Considerable cargo capacity.

5. Shell plates and scantlings in general of rugged construction.

The above requirements are not found in corvettes, which were built for a special purpose; the full form, the general lay-out, their light construction and excessive power make them unsuitable vessels for such alterations.

Corvettes, on account of their size, are not suitable for use as lightships; and minesweepers, in addition to being overpowered, are not of suitable hull shape for use as lightships on exposed stations. The lightship must have much more freeboard than an ordinary vessel and be of a special form so that it can stay on station in all weathers. Furthermore, the ship requires to be fitted with a large amount of special equipment. The main propulsion unit on a lightship vessel is relatively small, thus providing the extra space required for the special equipment. In addition, the lightship requires large bunker and fresh-water capacity so as to minimize the necessity of constant attention and the frequent delivery of supply while on station.

Minesweeper hulls, in view of their shape and general lay-out, could not be held at anchor on exposed stations.

Mr. CHURCH: Mr. Chairman, I support the principle of this vote for the car ferry and terminals and all the rest of it, of which $1,360,000 is a revote this year, and I support it because I have always advocated the confederation principle of each for all and all for each. No doubt what is for the good of the maritimes is for the good of the rest of the country. I have always been a believer in that policy, and have never faltered in that belief.

I would point out to the minister, however, that the principle of this vote should be extended to other parts of the country. I could discuss questions in connection with two or three other items but I do not want to take up the time of the committee unduly. We have an old boat, the *Northumberland*, which came from the same place that is being serviced by this new car ferry. It has been operating in the Niagara district, and when I visited that part of the province last week end I saw people lined up at the station waiting for trains. We need a car ferry to take care of the large volume of traffic that is moving from the Niagara district to Toronto, and there is need also for a car ferry to serve the lake Erie district. Port Dover, Port Huron and Port Stanley are idle because of lack of car ferry service across lake Erie. The provision of an adequate car ferry service in that part of the province would greatly improve the coal situation in western Ontario, and I trust that when the recess comes the minister will seriously get down to that program. The old boat which has been serving the Niagara district for the last thirty years or more was sent up to us because it was not good enough for the maritimes.

The principle of this vote should certainly be extended. In my opinion the time has come for a maritime commission on the great lakes, because what is good for the maritimes or for Ontario or for western Canada is good for the rest of the provinces. I urge the minister to study the situation. I have visited United States ports along these lakes and I can assure the minister that we are miles behind them in marine services on the upper great lakes.

Mr. MacNAUGHT: I wish to make a few remarks about transportation problems at

Borden and Tormentine. In the first place, I wish to compliment the minister and his department on the excellent motor vessel Q.S.M.V. *Abegweit*. It is without doubt the best icebreaker in the world. Last winter, although the ice was not abnormally heavy, it was the usual kind of season and the ferry was able to keep to its schedules with reasonable regularity. This is commendable, and I am sure our winter transportation problems are solved. But we still have a bottleneck at Borden and Tormentine. I submit that as long as we have a ferry operating on two services—by that I mean operating for railway and operating for automobile and bus traffic—we shall continue to have difficulties. If the trains are late, the ferry must wait to take over freight cars, express cars, mail cars and passengers. Consequently long lines of automobiles are delayed in the heat at Borden or Tormentine and often must wait one or two hours before crossing.

I believe this bottleneck would be lessened if we had an auxiliary ferry. An auxiliary ferry would not cost very much, because it would not operate in the wintertime and would not need to be built as strongly as the present *Abegweit*. If we had such an auxiliary steamer it could operate on schedule and tourists or other persons wishing to cross over in automobiles or trucks would know with reasonable certainty when the crossing could be expected and would not be there waiting many hours in the heat for a crossing. This would materially help our tourist industry and would also help the export of products of the farm and sea.

I was pleased that the minister was able to have the railway car deck planked to permit trucks to drive off and on under their own power. During the past autumn and this spring trucks loaded with perishable products often had to wait from one to two hours for a crossing. If you had a load of smelts or lobsters going to New York, Boston or Philadelphia, this loss of time was important and often discouraged the shipping of such products to those markets.

I urge upon the minister the necessity of exploring the possibilities of procuring an auxiliary steamship solely for the purpose of carrying automobiles and trucks. I am sure that if such a steamer is available, and if the docks can be made to accommodate it, our transport problems will be much lessened in the future. I would ask the minister to give this matter his best consideration.

[Mr. MacNaught.]

Mr. FRASER: When we started on this item this morning the minister made a statement in regard to the property on the Trent canal that was sold. I referred to lots 122, 123 and 124, concession 1, west Yonge street. He said he would have to have diking done, and so on, to take care of that. This is excellent truck garden land. The property adjoining it cannot be bought today for $500 an acre. I still say that the government should have got more than $5 an acre for this land, and I will continue to say it because the advice I have received from people who know is that the property right next to it cannot be bought for $500 an acre.

Mr. CHEVRIER: Why did they not tender?

Mr. FRASER: They never had a chance to tender.

Mr. CHEVRIER: Yes, they did.

Mr. FRASER: Where did you advertise?

Mr. CHEVRIER: The lots were advertised.

Mr. FRASER: Where?

Mr. CHEVRIER: In the press.

Mr. FRASER: What press? My advice is that this property was not advertised.

Mr. CHEVRIER: The hon. gentleman is free to make his statement if he wants to.

Mr. FRASER: I have made it.

Mr. CHEVRIER: I am making the statement now that the price obtained for these lots was a reasonable one. We advertised, and there were no bidders. When there are no bidders, the practice is to sell by negotiation.

Mr. FRASER: All right. I am asking whether it was advertised.

Mr. CHEVRIER: It was advertised in the press—the Toronto press.

Mr. FRASER: In what press was it advertised? That is something I cannot find out. I have tried to find out.

The DEPUTY CHAIRMAN: Order.

Mr. CHEVRIER: Just a minute, Mr. Chairman. In the return that was tabled on each one of the lots sold, with the exception of lots 122, 123 and 124, it is set out that the sale was made by tender.

Mr. FRASER: And there was only one tender.

Mr. CHEVRIER: There was only one tender in connection with the property other than lots 122, 123 and 124. For them no tender at all was submitted.

Mr. FRASER: There was just an offer to buy, but it was not advertised.

Mr. CHEVRIER: The information I have is that lots 122, 123 and 124 were advertised along with the other parcels. If my hon. friend wants to maintain that this parcel was not advertised, I am saying it was, on the information I have received from my officers.

Mr. FRASER: In what papers was it advertised?

Mr. CHEVRIER: I will find out and tell the hon. gentleman.

Mr. FRASER: All right.

The DEPUTY CHAIRMAN: Order. The item before the committee now is the Prince Edward Island car terminals.

Mr. KNOWLES: It is an omnibus item.

Mr. FRASER: As soon as we went into committee this morning the minister made a statement. I have the right to answer that statement and say what I like about it in reply to what the minister had to say, irrespective of what item we are on.

The DEPUTY CHAIRMAN: Order. That was with the consent of the committee. The minister was just giving information that last night he promised to give. The item before the committee now is the car ferry in Prince Edward Island.

Mr. FRASER: Yes, but we have a problem to discuss.

The DEPUTY CHAIRMAN: I would also point out to the hon. gentleman that when he is discussing this matter he is supposed to address the Chair.

Mr. FRASER: I am addressing the Chair.

Mr. MacNICOL: The hon. member for Peterborough West is absolutely right, Mr. Chairman. This particular item was held up last night in order to give the minister an opportunity to reply to both the hon. member for Peterborough West and the hon. member for Muskoka-Ontario. When the minister made his statement I assumed that he was replying to the questions which had been asked by those two hon. members last evening. Therefore if they are not in order, this other item must come back before the committee.

Mr. CHEVRIER: It is not correct to say that the item was held up by the question asked by the hon. member for Peterborough West. I have no objection to discussing the matter. I promised to get this information, and I have obtained it. I do not intend to object to what the hon. member is doing. If he wants to make a speech on it, let him go ahead.

Mr. FRASER: No, I do not want to make a speech. I just asked for information.

Mr. CHEVRIER: I will get the information.

Mr. BLACK (Cumberland): I commend the minister for the work that is being done in constructing the car ferries and building the terminals serving Prince Edward Island. The people in that province have waited many long years for this. It is pleasing to know that the new ferry steamers operated so satisfactorily during the winter.

Before this item of $3,547,000 passes I should like to have some further information from the minister. How much of the vote is payable on account of the new car ferry? What is the total cost of the car ferry up to the present time? I should also like to know how much of the appropriation is for construction of the terminals on the Cape Tormentine and Borden sides, and what the total expenditures are for the building of these terminals. Will the minister also indicate whether this appropriation will satisfactorily complete the terminals at both landing points?

Mr. CHEVRIER: The total estimated cost of the terminals at Tormentine and Borden was $6,622,000. That estimate was made about a year ago, and had to be revised again this year because of certain increases. It is now fixed at $6,877,900. The hon. gentleman knows of course that all this work is under the supervision of the Canadian National Railways. They are acting as agents for the government. Thus far $3,330,000, including $98,000, has been spent. That money was spent last year and a portion, $3,547,000, is to be spent this year. Of the amount of the estimates, $1,360,000 is a revote. The Canadian Dredge and Dock have the contract for the work at Tormentine, and it is about sixty-four per cent complete.

Mr. BLACK (Cumberland): Is that a lump sum contract, or a cost plus contract?

Mr. CHEVRIER: Oh, it is not cost plus. I would think there is an escalator clause in the contract. I understand the Canadian National Railways have proceeded in that manner. I must say however that in connection with one of these points—I am not sure whether it was Tormentine or Borden—we were not able to get a contractor to do the work. There were no answers to our advertisements, so we had to proceed by way of negotiation.

At Borden the contractor is Foundation Maritime Limited. They have completed a little more than fifty per cent of their work.

It is expected that the Tormentine terminal should be completed by about the middle of May or June, 1949, and it is expected that the work at Borden will be completed at about the same time.

Mr. BLACK (Cumberland): At what place was the department unable to secure a contractor?

Mr. CHEVRIER: I am speaking from memory, and for that reason I do not wish to be held too closely to what I say. I believe, however, it was for the work at Borden. The department advertised but received no bids. This was a time when material costs were high.

Mr. BLACK (Cumberland): I understood from the minister that the work was proceeding at Borden.

Mr. CHEVRIER: Oh, yes; we finally gave a contract. But we had difficulty in getting a contractor to do the work.

Mr. BLACK (Cumberland): What was the name of the contractor?

Mr. CHEVRIER: At Borden the contractors are Foundation Maritime Limited and Canadian Dredge and Dock Company. The Canadian Dredge and Dock Company have the contract for the work outside the jetty, including the extension and filling, and inside the jetty the construction is being done by Foundation Maritime Limited.

The hon. member asked as to the final cost of the Prince Edward Island car ferry. Again I speak from memory, but I believe it is a little over $7 million. I would not like to say whether it is $7,200,000 or $7,100,000.

Mr. BLACK (Cumberland): Will the appropriation now before the committee complete the terminals at Tormentine and Borden?

Mr. CHEVRIER: I am informed it will. This year we are going to spend $3,500,000, and we have already spent $3,300,000. That makes the revised estimate of $6,800,000 which I gave a few moments ago.

Mr. GILLIS: Would the minister mind putting a little information on the record? In answer to the hon. member for Cumberland the minister said that the contract under discussion was cost-plus, but that it contained an escalator clause. What is a contract with an escalator clause? What is the difference between the two?

Mr. CHEVRIER: A cost-plus contract, as I understood it during the war years, is a contract which provides the payment of a certain fee for the work done, plus cost. To the contract are annexed memoranda of the items of cost which may be charged. There may be twenty-five or there may be ten items of cost. The escalator clause does not include a series of cost items, but it does provide that if there is an increase, for instance, in wages and materials after the contract has been entered into, such increase may be charged up in addition to the fixed amount of the contract, always subject to audit.

Mr. GILLIS: In effect there is not much difference.

Mr. GIBSON (Comox-Alberni): Oh, yes.

Mr. GILLIS: If that is so, why does the Department of Public Works hold up a job every year—and I think it is still being held up—for a dry dock at Saint John, New Brunswick, because they did not want a contract with an escalator clause? Is the escalator regulated to work both ways, or does it just go up? Is it regulated so that it will work the other way? My understanding is that a contract is based upon an estimate; then if you are out one way or another in your figures, or if there is additional cost, such as wages or the like, the escalator clause provides that you can revise the figure. But where a contract is let in which a large amount of money is involved, does the escalator clause permit departmental officials to turn the machine downward so as to protect public funds if it develops that the estimate was too high?

Mr. CHEVRIER: The contract in which there is an escalator clause proceeds on the assumption of a basic amount. If wages rise above that, the escalator clause provides for an increase. There is no provision for decrease.

Mr. GILLIS: It is not only a matter of wages, though?

Mr. McLURE: I was out of the chamber for a few moments and I did not hear anything that was said under this vote. I wish to say a few words about the ferry system between Borden and Tormentine.

As an outsider I know that there was great difficulty in getting people to tender for the contract work on the Borden side, but the work that has been going on for the past six months under a cost-plus contract is proceeding most satisfactorily. Some hon. members may feel that the vote from time to time for the Borden-Tormentine ferry involves a large amount of money. In actual fact it is only a small amount for the service which the island province requires. Prince Edward Island is the only island province in the

dominion, and to the people down there transportation is vital. Over sixty-five per cent of them make their living from agricultural pursuits. During the war our province made a real record in production of the sinews of war, and the farmers are still producing.

For the benefit of some hon. members who may feel that the expenses of our transportation system are high, I should like to place some figures on the record. Let me point out at the beginning that these expenditures are due us under the contract made with us in 1873. The freight handled on the Borden-Tormentine ferry is one of the best-paying freight-handling operations of the Canadian National Railways system.

I prepared these figures a few days ago, and I had to take those for the month of April. Outward freight figures for that month show that 1,415 cars of potatoes were ferried in April, 1948, from Prince Edward Island to the mainland, or almost 500 cars more than in 1947. The total cars ferried to the end of April for the crop season was 7,046. Practically all of these were for long-haul shipments—the most beneficial from the point of view of the railways. But that was not the only freight ferried in April. In addition there were 20 carloads of eggs, 75 carloads of livestock, 20 carloads of meat, 15 carloads of pulpwood—and ninety per cent of all this was for long-haul carload shipments. Besides these larger movements there were many smaller ones.

I have been referring to the outward freight, but the inward freight is also long-haul freight. There were 119 cars of coal; 40 cars of hay; 24 cars of automobiles; 175 carloads of fertilizer; 245 carloads of flour and feed; 40 carloads of cement; 14 carloads of fruit; 18 carloads of soft drinks—because, as you know, ours is a prohibition province; 15 carloads of sugar and 6 carloads of molasses. In both inward and outward freight there were over 2,500 cars during the month.

When someone gets up and says that this is a large amount to pay for a steamer, I say: No; we should really have another steamer to assist in carrying our freight. I am not going to urge that at the present time, but I do want to say to the committee that the outgoing and incoming freight that has been produced is simply wonderful for Prince Edward Island. Nothing is too good for our farmers in the way of transportation, and that is why from time to time we advocate better truck service. At the present time the truck service is not what it should be for the exporting of farm products.

The minister said the other day that they were going to plank at least part of the deck of the *Abegweit*, either with wood or with steel, so that trucks could run on under their own power. I submit that there should be no freight charge over and above what it costs to haul the same freight by truck over a highway. This question has been debated at many sessions, and we did succeed in having truck charges reduced by about fifty per cent. But they should be reduced so that the terms of union in 1873 will be met, and one of those terms was that the ferry should be treated simply as a highway.

Can the minister give the committee definite assurance that the *Abegweit* will be ready for service before July 1?

Mr. CHEVRIER: The information I have is that the planking will take about fourteen days and that the vessel should be in operation in plenty of time to look after the tourist traffic.

Mr. MacNICOL: As one who has advocated an improvement in the service between the mainland and the island, I want to express my appreciation of the minister's efforts in this connection. He visited the area and made his own investigation, as others have done, and it is pleasant to observe his interest. When I was there last summer I examined, as I had done before, both terminals, and I would like to know whether they would consider a boat that might be specially designed for truck and automobile service. I am thinking of a ship something like the large ones on the great lakes which ferry only trucks and motorcars. The tourist traffic to the island is increasing greatly, as it should, but it will be retarded unless the tourist can get on and off the island more rapidly than he can today.

The facilities at the Wood Island end are not exactly what they should be, and I am sure that if the minister goes there he will decide to improve them. At the Borden end it should be possible to have cars get on and off the boat more quickly. The present ferry is good, but too large to permit this kind of entry and exit. I strongly urge upon the minister that he consider building a boat specially designed for motorcars and trucks which could run in between the trips of the larger boat. When I examined the docks I could not make up my mind that they would be suitable for a low-level motorcar and truck traffic ship.

Item agreed to.

501. Strait of Canso—Transportation improvements and facilities—capital (revote $250,000), $500,000.

Mr. MacNICOL: I read in the newspapers a report that new ferries were to be provided. I am not particularly opposing that, but I think

ferries are outmoded for this particular area. The minister has shown a good deal of vision, and I should like him to consider eliminating the question of a ferry. There is no place for car ferries in these modern times, especially across a strait of that width. They were all right years ago, but in these days they are too slow. They retard traffic and increase costs beyond what they should be.

This is an ideal location for a bridge. I have surveyed many large bridges, but perhaps I could mention some that I have not surveyed. I am going to try to get down to see the gigantic bridge at Sydney, Australia, which spans the great harbour entrance there. There is no reason why there could not be a similar bridge across the strait of Canso. The minister frequently goes to New York, and he must have seen the gigantic bridge across Hell Gate. There are two giant bridges at San Francisco which span a much greater distance than would have to be spanned across the strait of Canso. At St. Louis there are great bridges across the Mississippi, and they are planning the construction of six more. They are also planning the building of two more very large bridges at San Francisco.

A bridge increases traffic; a ferry retards traffic. Of course if there is no ferry or bridge, there is no traffic. In this day and generation a ferry in that area is altogether outmoded. I strongly recommend to the minister that he keep before him the desirability of bridging that strait. It would not have to be an exceptionally long bridge; I doubt if it would be as long as the bridge at Quebec. It certainly would speed up traffic considerably between Sydney and Montreal and Toronto, and would pay for itself by the reduction in freight charges that would accrue over the years. It would make for expansion of all business in that part of Nova Scotia. I am not opposed to the vote, but I am opposed to the continued use of ferries in preference to bridges.

Mr. GILLIS: I am not going to make a speech on this subject; I think I have made enough of them. A bridge across the strait of Canso is one of the main issues in the province of Nova Scotia today. In these estimates there is an appropriation of $250,000 to improve the existing ferry facilities. To those who think the government really means something in continuing to survey the possibilities of a bridge across that strait, it looks strange to see such a large amount spent on improving the present facilities.

I questioned the minister in the house a short time ago as to the progress that is being made by the commission of engineers appointed by his department, and when he expects to receive their report. His reply was, the latter part of July. That was recorded in the press, and I have received several letters about it since. Throughout the province of Nova Scotia organizations have been formed—non-political organizations, religious societies, veterans' bodies, and the like—which meet all over the province weekly. Their purpose is to press upon the government the necessity of improving the transportation facilities between the mainland and Cape Breton island, which would also do much to relieve the unemployment problem. The people down there appreciate the fact—and I think it is not generally appreciated throughout Canada—that one-third of Canada's basic steel, and perhaps half of all the coal produced in Canada, is produced on the island of Cape Breton. Yet these products have to be dragged out from Cape Breton island by the present outmoded transportation facilities. I know the minister realizes that, but apparently he is tangled up with incompetent engineers or with the treasury branch.

Mr. KNOWLES: Perhaps both.

Mr. GILLIS: Maybe both. I am continually receiving letters and resolutions asking what the government is going to do about this bridge across the strait of Canso. I do not bother the minister any more with them, because I feel sorry for him. I feel that he would have built it long ago, if left to himself, if only to stop me and the hon. member for Davenport from talking. The letters I get are to this effect: What is the government doing about it? Is it trying to fool us? They have been making borings for a long time, and they know how deep the water is; they have had several engineers' reports. I might say, Mr. Chairman, that I received a return on this subject that would fill this desk; yet in spite of all the information the government has, it appointed an engineering commission to make further investigations. The letters I receive go on to ask: Why is the government continuing to spend half a million dollars on improving present facilities if it is really in earnest about building this bridge? They feel that the government does not intend to build it, or that something is wrong somewhere.

Another point they make is this: It is strange that the minister expects to get a report from his engineers only after the house closes. Why could not this engineering commission make a report now, with the information already available, information which has been gathered over the years? I personally think that the engineers could have come to a conclusion before the end of July. Anyway I have promised myself that towards the end of

July I shall come to Ottawa and I would like to meet the minister at that time and those who are going to finalize the engineering report; I am sufficiently interested in the matter to do that. I suggest to the minister that if he hustles up that report it will relieve the minds of the people of Nova Scotia; for they are beginning to mistrust the intentions of the government in spending money on the survey of a project which apparently they have no intention of going ahead with, because at the same time they are spending a large amount of money to improve the existing transportation facilities.

We were discussing here this morning an item of $3,500,000 for a car ferry for Prince Edward Island. Anyone who has travelled in the United States knows that if the Americans were in this country they would have had a tunnel between those islands long ago. It is in our own interest to do that. But it is a dead horse in this house so far as I am concerned. While I have a great deal of confidence in the minister himself, I am beginning to look behind the scenes. I think he is being pulled hither and yon. I would ask him before this house closes to make some statement on the building of a bridge across the strait of Canso, so that I can go home and reassure the people of Nova Scotia that everybody is not dealing dishonestly with them but that there is some evidence of going ahead with this very necessary national improvement. And it is a national improvement, because it would affect not only Cape Breton but everything clean through from Cape Breton to Moncton. The transportation facilities on the C.N.R. are good from Montreal to Moncton, but not so good from Moncton to Sydney. They need overhauling. I trust that the minister will make a statement before the house closes that will be sufficiently definite for me to be able to say something definite to the people back home.

Mr. CHEVRIER: I think I can—

Mr. ISNOR: Before the minister replies, Mr. Chairman, I wish to add my voice in support of the representations made by the last two hon. members in regard to the Canso strait project. I do not propose to speak at any length, because the minister is going to reply and he is quite familiar with the subject which has been placed before the committee by the hon member for Cape Breton South and the hon. member for Davenport on more than one occasion, as well as by other hon. members from the maritimes.

I would ask the minister whether he is familiar with the brief presented by the transportation commission of the maritime board of trade with regard to the proposed bridge or causeway, and if so, to deal with the various points outlined in that brief. I would also ask him whether he has ever read the representations made before the rehabilitation committee of this house about three or four years ago by the then premier of Nova Scotia, the Hon. A. S. MacMillan. The brief goes into the matter fully and deals with the report prepared and presented by Mr. D. W. McLachlan, of the Canadian National Railways, whom we all recognize as an authority and a man of vast experience. I would ask the minister to deal with the figures presented by Mr. McLachlan, and not to stop at the boring surveys which are now under way.

I do not always agree with the hon. member for Cape Breton South. I did not agree with him yesterday, when I think he was entirely out of his field; but today he is dealing with something of which he has an intimate knowledge, and something which is directly connected with that part of the country. We are all interested in the development of Cape Breton and the mainland, as well as the rest of Canada. We want to see steps taken which will bring about a greater opportunity in Cape Breton for the development of the coal and steel industries. It is a well known fact that the shipment of coal is handicapped because of the lack of proper facilities. That has all been set out. The realignment of the Canadian National Railway tracks to provide necessary and suitable haulage is all set out in the report to which I refer. The costs are given, the distance and the type of bridge are mentioned. The whole thing should be carefully studied and a statement made by the minister. Perhaps he is not in a position to do it today, but it should be done at some time.

The report refers to the amount of coal which was shipped in the various years, particularly in 1937 and thereafter. It is with that thought in mind, the shipment of greater quantities of coal to the mainland and in turn to central Canada to increase the prosperity of the coal fields of Cape Breton, that I join with other hon. members in urging the minister to give greater consideration to this matter and to tell us what he is willing or anxious to do to help the economy of that section of our country.

Mr. BLACK (Cumberland): I wish to add my voice to what has been said by the hon. member for Davenport, the hon. member for Cape Breton South and the senior member for Halifax. There is one undertaking on which the 650,000 people of Nova Scotia speak with

one voice, namely the construction of this bridge. There is a feeling throughout Nova Scotia, and I have it too, that there has been unnecessary procrastination on the part of those in authority at Ottawa. The senior member for Halifax has just said that Mr. A. S. MacMillan, who was the premier of Nova Scotia at the time, returned from Ottawa before the last election and announced that he had had a commitment from the Minister of Reconstruction and Supply that the bridge would be built. Why it takes so long to get the information, as pointed out by the hon. member for Cape Breton South, I do not know. Surveys have been going on for many years. Surveys have been made within the last two years. Engineers have been appointed to review the plans. Why they cannot accept the figures and bring down their report, even if it is only a progress report, and let us know what their views are, I do not know. I should like to know why it is put off continually and why there is so much procrastination. The people of Nova Scotia do not understand it.

I was minister of highways in Nova Scotia for over eight years. When I first became minister there was inadequate ferry service for highway traffic. We had wharves and ferry boats built. The service was improved; but it appeared to me every time I went to Cape Breton that it was a logical and necessary undertaking to have a bridge or causeway over the strait of Canso. The distance is short, and the foundations are good. I do not understand why there is so much delay. Anyway, I want to repeat that the people of Nova Scotia demand this and require it. In that respect they speak with one voice. I am glad to join with other hon. members who have expressed their views today.

Mr. CHEVRIER: I think I can make as accurate a statement on Canso now as I could even if I acquiesced in the suggestion of the hon. member for Cape Breton South that further information be obtained before the house rises. The position is simply this. In July of last year I made a statement in the house outlining the position at that time. I explained the various projects under consideration: a causeway, a bridge, improved facilities and the realignment of the line. I went into it at great length. As I then said, it was a report which was prepared by the engineer, who had already given careful consideration to the brief of the maritime board of trade, to which the senior member for Halifax referred, as well as the presentation made by the former premier of Nova Scotia. Following the decision reached by the officers of the department, an item was placed in the estimates. However, following that, the premier of Nova Scotia and a delegation from that province waited upon the then minister of reconstruction and supply and myself. This matter was fully discussed. I am not free to state here what was said at that time, but there was an engineer with the group that came up, the premier himself, and one other individual. Certain aspects of the scheme were put forward, and we promised to give it further consideration.

Later the proposal was made that we set up a board of engineers to review the reports and special surveys previously made by the Department of Transport. That committee has been appointed. It consists of three engineers, Professor D. S. Ellis, Dr. A. Surveyer and Dr. P. L. Pratley. These men have gone to the scene, have consulted with our officers and are studying whether or not it is practicable from the several standpoints to construct a bridge capable of accommodating a single-track railway and highway traffic, to construct a causeway for a railway and highway traffic, to construct a tunnel for highway and railway traffic, and the provision of improved railway facilities and ferry service. That board was appointed only in January of this year. The fact that it will not report until July has no significance. I can assure my hon. friend that if he comes up here after they have reported I shall certainly be delighted to see him, as I am at any time.

There seems to be some apprehension about the amount of money that was spent last year. While $250,000 was voted, only $20,000 has been spent. That amount was expended because the borings were not completed and it was not possible to spend a greater sum. As mentioned in the statement made last year, a decision was reached to improve the facilities, and that would cost $4,500,000. This amount is placed in the estimates in order to provide for the beginning of the work. The facilities are not good. They will have to be improved in any event, pending the finding of the board, and if it is decided that a scheme other than this should be proceeded with, the money simply will not be spent. So that until such time as the board of engineers has reported, I am afraid I am not able to add anything to what I have already said.

Mr. ISNOR: I should like to bring one other point to the minister's attention. Taking into consideration the $5 million estimated as the cost of the ferry, and the twenty per cent saving which Mr. Fairweather estimated would be made by the realignment of the tracks—

Mr. CHEVRIER: The cost of the ferry is about $1,500,000, not $5 million.

Mr. ISNOR: Taking the cost of the ferry at $1,500,000, and against that the saving which would be effected if the tracks were realigned, what is the minister's long-range view as to the saving that would be made by the Canadian National Railways? It is shown in Mr. Fairweather's report that whereas the largest type of locomotives from Truro to Moncton can take a haul of 1,930 tons, from Moncton to Edmundston they are capable of hauling 3,500 tons; or, to state it in the equivalent of cars, from Sydney to Port Tupper, 21 cars; from Mulgrave to Stellarton, 17; from Truro, Nova Scotia, to Moncton, 26; and from Moncton to Edmundston, 45. They are able to haul about twice as many cars from Moncton to Edmundston as they can over the line of track the realignment of which is being considered. The fact that the realignment was not done, no doubt added to the C.N.R. deficit of last year. And when you remember that 78·2 per cent of the revenue came from freight, I suggest that it is an important item and we should consider whether it is feasible and good business to carry out the project that is suggested.

It is roughly estimated by Mr. Fairweather, in his evidence before a parliamentary committee, that an improved railway from Sydney to Moncton would result in a twenty per cent reduction in the cost of moving freight over that line, and that twenty per cent would naturally be reflected in the price of coal and steel shipped to central Canada.

Mr. CHEVRIER: I am informed that the saving in railway operations would be $300,000.

Mr. ISNOR: For what period?

Mr. CHEVRIER: Per annum.

Mr. ISNOR: And against that you pay the interest tied up in the $1,500,000, operation costs, and so on. Can we get a picture of the whole thing so that we may see it from the sound business point of view?

Mr. BLACK (Cumberland): Are special efforts being made under the minister's direction to improve the grades and alignment of the road from Moncton to Sydney? Are steps being taken in this direction by the Canadian National? Can the minister say what is practicable in the circumstances, what the cost will be, and how soon the work will be undertaken?

Mr. CHEVRIER: The engineer in the department went into the question fully. The hon. member no doubt remembers that evidence was given in the committee before I made the statement referred to a moment ago, and the Canadian National Railways have come to the conclusion that the capital cost would be such that they could not approve its being done.

Mr. BLACK (Cumberland): If the proposal cannot be carried out in its entirety so as to bring the whole road up to the highest state of perfection, can the minister say whether those sections where the greatest difficulty is encountered now could be improved and brought up to a satisfactory standard?

Mr. McLURE: One word in reference to the strait of Canso. The hon. member for Cumberland said that Nova Scotia would speak with one voice on anything that made for improved conditions at the strait of Canso, and I add that Prince Edward Island would be happy indeed to see the construction of either a bridge or a causeway, or whatever the engineers decide should be undertaken, to take care of traffic at that point. We produce foodstuffs for which we could find a home market in Sydney. According to statistics—the hon. member for Cape Breton South will correct me if I am wrong—over $50,000,000 a year is paid out in wages there alone, and that is not the only amount that is distributed in wages. If a bridge or causeway were erected, farmers in Prince Edward Island would benefit because they could take their trucks direct into Sydney, where they would find an excellent market. I can assure the hon. member for Cape Breton South that Prince Edward Island would take the same view as that expressed by the hon. member for Cumberland. We are prepared to support anything that may be undertaken for the benefit of the three maritime provinces.

Mr. KNOWLES: The rest of us, too.

Mr. GILLIS: So what is holding it up?

Mr. ISNOR: One more question. I have never been able to get figures in connection with freight originating in the maritimes and going to central Canada, or from the Atlantic to the central region. How does the minister arrive at the $300,000 that was mentioned a moment ago?

Mr. CHEVRIER: I cannot give the answer; I do not know.

Mr. ISNOR: You have experts.

The CHAIRMAN: Shall the item carry?

Some hon. MEMBERS: Carried.

Mr. ISNOR: I want to put on the record the statement that the minister is unable to provide that information.

Mr. CHEVRIER: That is what I have said.

Mr. ISNOR: Thank you.

Item agreed to.

Air service—

508. Air transport board—salaries and office expenses, $154,297.

Mr. BLACK (Cumberland): These items have been going through so fast that I have not had a chance to ask the question I want to ask now. Can the minister make a statement as to subventions for maritime freight rates? Is enough provided to look after the twenty per cent increase in freight rates?

Mr. CHEVRIER: The answer is no.

Mr. BLACK (Cumberland): That will be supplementary?

Mr. CHEVRIER: That is right.

Mr. BLACK (Cumberland): Will the minister give an assurance that the twenty per cent over-all will be made available under the Duncan commission's freight rates recommendations?

Mr. CHEVRIER: It is statutory. It has to be done.

Mr. GILLIS: I asked the Minister of Trade and Commerce, shortly after the freight rates were increased, whether the subventions as applied to the movement of maritime coal would be increased to absorb the freight rate increase, and his answer was definitely, yes. It is merely a matter of stepping them up.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Air service—

508. Air transport board—salaries and office expenses, $154,297.

Mr. KNOWLES: Under this item I should like to ask the minister a question which no doubt he expects me to ask. I promise him I have no intention of repeating the speech—

Mr. CHEVRIER: Does my hon. friend promise it is the same question?

Mr. KNOWLES: Yes, but I hope I get a different and better answer. My question has to do with government policy in relation to a transpacific air service. As the minister knows, in the past the stated policy of the government has been quite clear, namely that this service will be operated by Trans-Canada Air Lines. Rumours that have appeared in the press, and the indefiniteness of ministerial answers have led me to wonder whether a change, which I would deplore, is in prospect. Can the minister now state what is the present government policy with respect to the operation of a transpacific air service, particularly the service set out in the Canada-Australia agreement?

Mr. CHEVRIER: I am sorry I cannot enlighten the hon. member any more than I did the last time he asked the question. I have to repeat what I said then, namely, that the policy of the government has not been altered, and that if and when it is changed I shall make a statement.

Mr. KNOWLES: About all I can say in reply to that is that it is just about the same amount of enlightenment as the minister gave previously, which is none. I hope there will be no change in government policy, but the kind of answers being given seem to suggest that one is in prospect; and it is, I fear, the sort of change I deplore and protest.

Mr. BRYCE: There is a matter I should like to bring before the minister under this item. I believe this is the correct item on which to do so; if not I shall wait until later. I have had some correspondence with the Rivercrest community club; and for the information of the minister I may tell him this represents a new settlement of veterans' homes in my constituency. They are all in West St. Paul, and in this fully modern residential district there are fifty-eight veterans' homes. The whole district lies between the highway and the Red river. They are disturbed because an application has been made to the air transport board for a licence to operate an aircraft establishment, which would mean that planes would take off from and land on adjacent property. Perhaps I would save the time of the committee by quoting from the last letter I received, in which they say:

> This not only constitutes a public nuisance and a hazard but decreases our property values also, and we are unanimously opposed to such an establishment in our neighbourhood. We petitioned against this undertaking to the municipal council, who passed a by-law prohibiting such installations within certain areas of the municipality and advised the Department of Transport of their action, requesting them at the same time to refuse to issue a licence. The Department of Transport here have referred the whole matter to Ottawa for decision, and we would like to have you intervene on our behalf if you would be kind enough to do so.
>
> We are all greatly concerned over the matter, and several of our members have signified their intention of giving up their homes and moving elsewhere if the proposed aerodrome becomes a reality. We are building up a nice community here and would hate to see it spoiled.

I do not think I can add very much to this. The veterans who have set up this modern residential district do not want an aerodrome next door if they can possibly avoid it. I appeal to the minister to have the air transport board give this matter every consideration. I have to leave now for a meeting of the veterans affairs committee; if the minister is not able to give an answer at the moment, perhaps he could give one later.

Mr. CHEVRIER: All I can tell the hon. member now is that I am informed that if any such application has been made it is not to the knowledge of the board or the officers of the department. When such matters come before the board, licences are considered if in the public interest; and from the letter my hon. friend has quoted these representations unquestionably would be taken into consideration either by the board, if the letter should come before it, or the director of air services. I can assure the hon. gentleman now that these representations will be brought to their attention.

Mr. BRYCE: Thank you very much. According to this letter the Winnipeg office has referred the whole matter to Ottawa; therefore it will probably come before the officials here.

Mr. SKEY: I should like to bring the discussion back to the Pacific air routes. Am I to understand that no charter has been issued either to T.C.A. or any other applicant for the operation of Pacific air routes from Canada?

Mr. CHEVRIER: The answer is that no licence has been granted for transpacific services, either to T.C.A. or to any other carrier. In case I should be misunderstood, I should say a licence has been granted to an Australian company to operate a service from Australia to Canada, as the hon. gentleman knows.

Mr. SKEY: But no Canadian company has yet received a reciprocal privilege?

Mr. CHEVRIER: No.

Mr. SKEY: For a moment I should like to support the view that Canada should inaugurate Pacific flights from Canada, and should grant a Canada charter to a company to fly to the Pacific islands, Australia and New Zealand. In these times I think it imperative that we should open up such routes as these, even though in the beginning they may be a bit uneconomical to operate. I would urge that the government give every consideration to any application for such a charter, or to giving T.C.A. a charter to operate over those routes. I spoke on this matter in 1946, when I was strongly of the opinion that we should draw the chains of empire closer together, and that Canada could perform a real service in opening up these routes to our sister commonwealths in the south Pacific.

Item agreed to.

Civil aviation division—

510. Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder, $569,523.

Mr. SINNOTT: There are several aeroplanes landing along the Red river under charters which permit them to operate to various points in the northeastern portion of my constituency. They are rendering good service; but in landing on the Red river with their pontoons they cause considerable damage to the banks, which has led to several cave-ins, especially in the vicinity of the East Kildonan canoe club. I would ask the minister to see what can be done to keep these banks from falling in.

Mr. CHEVRIER: I shall be glad to look into the matter.

Item agreed to.

Civil aviation division—Airways and airports—

511. Construction and improvements, including radio facilities; and to authorize commitments against future years in the amount of $452,000—capital, $11,138,309.

Mr. SKEY: What radio installations are being made at airports controlled by the department, and where?

Mr. CHEVRIER: There is a long list of them.

Mr. SKEY: I do not wish to delay the committee.

Mr. CHEVRIER: If the hon. member will say in which airport he is interested, I can give him the expenditures in respect of that one.

Mr. SKEY: It would serve my purposes if the minister or his office would supply me with the information privately.

Mr. CHEVRIER: Thank you very much.

Mr. SKEY: I have one further observation to make which I believe is of considerable importance. I wish to congratulate the minister's department upon having the foresight to employ Doctor Norman W. McLeod, whose contribution in runway construction has been unique. Doctor McLeod is a Canadian, and a graduate of Canadian universities. His contribution has been of a novel and excellent type, so much so that he was given an international award for his work, to which I shall refer briefly.

I believe Doctor McLeod is in the department on a part-time retainer basis; but his particular contribution is to bring to the technique of runway construction a new method of analysis of the undersoil, and a method of correlating the undersoil with the wheel loading which can be used on particular runways. His method can be applied not only to runway construction, but to any type of highway construction. When the results obtained by his method were compared with those of the United States corps of army engineers it was found that in some instances by his method it is necessary to use only about half or less than half the thickness of concrete in order to meet the safety factors required in runway construction.

I have taken these few minutes of the committee's time to congratulate the department upon having at its call such an excellent Canadian scientist who has made a real contribution to the development not only of our airways but of our highways as well.

Could the minister or his officials prepare a brief memorandum on this technique which could be passed on to all provincial departments and municipalities concerned with road building? This method represents a substantial saving to Canadian taxpayers. The application of his formula means a tremendous saving in public money in all fields of highway and air force runway construction.

Mr. CHEVRIER: Doctor McLeod has already prepared a report in the form of a book which deals with the very work to which the hon. member has referred, including preparation of the soil, and the like. We are making use of that book. While it is not a public document, it is in our possession, and if Doctor McLeod has no objection it could be circulated to the provincial governments.

Mr. SKEY: I feel strongly it is the duty of the minister's department to see that this report has the widest possible circulation among those who are interested in construction work.

Mr. HERRIDGE: Before going to a special committee I should like to bring to the attention of the minister certain facts in connection with the airport at Castlegar in my constituency. It is now used principally by Canadian Pacific Air Lines. The airport is being maintained as a result of co-operation between the provincial government and the local citizens, and is providing excellent facilities.

The provincial government leased to the community a considerable area of land formerly owned by the Doukhobors. The local people have raised money and have done considerable work, so that they now have an airport fairly well advanced, and with possibilities for development into an excellent airport. This service is required in that part of the interior of British Columbia. In addition we have a number of smaller airports for the landing of smaller aircraft, which are coming into that district in increasing numbers, and for emergency landings. These airports have been neglected in recent years.

In view of the importance of the airport at Castlegar and the necessity for its development, I think it is most unfair that the development should rest with the local citizens. This airport serves a need in the community, and gives facilities for emergency landings. What is the government's policy with respect to these airports, and the giving of federal assistance for their development?

Mr. CHEVRIER: The policy is to help the airports on request. This airport is not under the jurisdiction of the department. It is operated and maintained by Canadian Pacific Air Lines. If application is made to the air transport board it will be dealt with in the same manner as other applications are handled.

Mr. PEARKES: Has the department recently taken over from the R.C.A.F. the airport at Patricia Bay?

Mr. CHEVRIER: Yes. We have taken it over for their operation, and for ourselves as well, and it is for their future use.

Mr. PEARKES: What about the administration of the airport?

Mr. CHEVRIER: It is our responsibility.

Mr. PEARKES: May I congratulate the minister upon having taken over such an excellent airport. For some time adjustments with neighbouring farmers in connection with the extension of runways and the establishment of guide poles have been somewhat up in the air. Now that the Department of Transport has taken over, can final settlement be speeded up? These farmers have been waiting for over twelve months for their adjustments. I am sure the minister's department knows the people to whom I refer. I would ask that since the department has now taken over, final settlement be made.

Mr. CHEVRIER: I can assure the hon. member that, having taken over, we will speed up adjustments as quickly as possible.

Mr. PEARKES: I have every confidence in the minister.

Mr. MACDONNELL (Muskoka-Ontario): I should like to ask a general question about this group of items. I shall base my question on item 511, but I would point out that in

the group we have expenditures amounting to about $28,000,000. I should like to make this general observation: These are expenditures about which the ordinary layman can know very little. We are in the hands of the engineers, and we cannot expect the engineers to be particularly interested in money matters. I believe their whole instinct—and a very proper one indeed—is to try to carry their side of the matter as far as they can. Here we have expenditures which I suppose, according to judgment exercised, might vary between $10,000,000 and $15,000,000; they might run up to $40,000,000 or $50,000,000, according to the application of, first, construction, and second, the newest type of scientific investigation.

Obviously the minister cannot exercise complete and detailed judgment—and for two reasons: First, I believe it can be said he is not a technical man and, second, he is busy with other affairs. I should like to ask two questions. First of all, what means does the minister use to satisfy himself as to how far we should go? I admit that is a very difficult question, because in one way these new scientific inventions are useful and necessary, but in another way they are like delightful toys that people can play with *ad lib*. My second question is this: What is the relationship in matters of expenditure between the minister's department, as it applies to air transportation, and the Department of National Defence? I take it that scientific expenditures in respect of radio and the like are made under the air branch.

Mr. CHEVRIER: The hon. member asks what means are adopted to ascertain whether these expenditures are controlled. They are controlled in two ways: first, by the close watch which the treasury board keeps on all these items, and then by the air transport board to which application is made for additional services. In so far as the relationship between Defence and this department is concerned, anything of a civil nature is controlled entirely by the air division of transport. Some of the airports being abandoned by the Department of National Defence are taken over by us. I believe we took over last year some seventeen airports belonging to national defence and there is another item which we can discuss when we get to it if the hon. gentleman wishes.

Mr. McMASTER: Will part of this expenditure be made at Malton airport?

Mr. CHEVRIER: Yes.

Mr. McMASTER: Are Trans-Canada Air Lines charged for the use of Malton and other airports?

Mr. CHEVRIER: They pay landing fees and rental for hangars.

Mr. McMASTER: Where would that appear? Would that be in your budget?

Mr. CHEVRIER: It goes into consolidated revenue fund.

Mr. McMASTER: Approximately what are they paying for everything?

Mr. CHEVRIER: I am informed it is about $1,250,000.

Mr. McMASTER: That is in connection with all airports?

Mr. CHEVRIER: That is for all air services.

Mr. MACDONNELL (Muskoka-Ontario): Is there an operating statement for Malton airport to show what the receipts and disbursements are?

Mr. CHEVRIER: Yes.

Mr. MACDONNELL (Muskoka-Ontario): Can the minister give those figures?

Mr. CHEVRIER: A monthly report is received in connection with Malton airport showing the revenue and the expenditures. It is not a public document; it is for the information of the officers. I can see no objection, however, to getting the figures for the hon. gentleman if he wants them.

Mr. MACDONNELL (Muskoka-Ontario): I do not want to press for figures which in themselves might not be significant, but it seems to me that it would be a matter of relevancy and of some importance to know in a general way what those reports showed, what revenue was produced and what were the carrying charges. I will not hold up the matter now. Perhaps the minister can give us the information later.

Mr. McMASTER: I notice in the breakdown given on page 279 an item of $1,817,000 for radio services. Can the minister give us some idea of how and where that is spent?

Mr. CHEVRIER: I was asked that question a moment ago, when I said there is a long list of items for radio services, which could be described pretty much as follows: 100 radio range stations, 15 fan markers, 3 frequency modulation relay stations, 11 instrument approach systems, and other installations with reference to radio in various airports. The list comprises some four or five pages. I can give the details if the hon. member wishes.

Mr. McMASTER: I do not think I want all the details. Will any of this money be spent at Malton? I was just wondering where it is spent and why.

Mr. CHEVRIER: There is no provision for radio construction at Malton, but there is for the installation of an instrument landing system, which is quite costly. Of the amount referred to in the estimates, $1,817,350 is being provided for radio services, with another $811,000 for the acquisition of radio equipment for various airports.

Mr. KNOWLES: I am interested in the point which has been pursued by the hon. member for Muskoka-Ontario and the hon. member for High Park. I think the facts that they brought out are pertinent to the whole question of our air services. If I did not misunderstand them, they were getting at the fact that part of the cost of operating Trans-Canada Air Lines is hidden in these items covering airport and radio beam services. I think that is perfectly true. I should like to point out to them—and I think they will suspect what is coming—that the same thing applies to the privately-owned air lines. A while ago the Minister of Trade and Commerce said that it was only recently that private air lines such as the Canadian Pacific have been showing a profit. In order to be consistent, my hon. friends will have to admit that Canadian Pacific Air Lines show a profit only because many of the services necessary to the operation of their planes are paid for out of the public treasury.

Mr. CHEVRIER: The Canadian Pacific are operating their air services at a loss.

Mr. KNOWLES: I do not want to follow what the hon. member of Muskoka-Ontario did last night, but that is not what your colleague told us not long ago. He said that they had got out of the red and were into the black. Whether they are operating at a loss or a profit, the sums of money that we are voting right now are evidence that we are able to maintain air services in this country, whether privately or publicly owned, only because huge amounts of money are spent by the government in a capital way and on the operating of air services. I agree that this should be done, but because this is in the nature of a public service and a public monopoly, I have supported down through the years the extent to which the government has gone in for the public ownership and operation of air lines. I hope to see that policy continued, and not weakened or vitiated in any way by any backward step on the part of the government.

Mr. GIBSON (Comox-Alberni): What is the present status of the Tofino airport? We spent about $5,000,000 there during the war and I am curious to know what the department is going to do with it.

[Mr. McMaster.]

Mr. CHEVRIER: It is maintained by the Department of Transport.

Mr. GIBSON (Comox-Alberni): The department is taking care of its upkeep?

Mr. CHEVRIER: And operation and maintenance.

Mr. IRVINE: What is the situation with respect to the airstrip at Dawson Creek? The minister may not have the information at his fingers' ends, but I brought this to his attention some time ago. I do not even know at the moment under whose jurisdiction it comes, but I do know that it is badly in need of repairs, and I should like to know what the situation is.

Mr. CHEVRIER: I am informed that we have made a survey of the airport and airfield at Dawson Creek, and while no decision has yet been reached, it is a difficult operation and one that would be quite expensive to maintain. I would not like to go further at the moment.

(Translation):

Mr. CAOUETTE: Mr. Chairman, I would like to ask the hon. Minister of Transport a few questions in connection with item 511. In view of the stupendous development that has taken place in the northwestern part of the province of Quebec, it becomes important to set up an air line in that region. The minister has received numerous requests from different organizations of Val d'Or and Rouyn asking for the construction of airports. Our region has now a population of more than 100,000. Therefore it is essential that we give those people the opportunity of travelling a little more easily than they do now. By railway, the trip from Val d'Or to Montreal takes from 16 to 18 hours. So it is urgent to set up an air line.

Could the minister tell us whether he has received any petitions from Val d'Or or Rouyn with reference to the building of an airport at either place? What action has he taken in the matter? Do these credits provide for the building of an airport at the earliest opportunity?

Mr. CHEVRIER: Mr. Speaker, I may say that there has been no request for the building of an airport at Rouyn or Val d'Or, but there was one for the setting up of an air line, which is not quite the same thing. When the application is submitted to us formally—there are more than one, I am told—it will be acted upon in the regular way by the air transport board.

Mr. CAOUETTE: Were those applications for an air line charter filed by individuals or by companies.

Mr. CHEVRIER: Companies.

Mr. CAOUETTE: Privately owned companies?

Mr. CHEVRIER: Yes.

(Text):

Mr. JACKMAN: I think the minister should make a general statement on the construction of airfields. I do not want him to misunderstand me; I am not necessarily against them; in fact I am very much for them. But I think the committee is entitled to a statement in regard to the substantial expenditures which are being made, particularly in view of the fact, as has just been said, that Canadian Pacific Air Lines is losing money, and we also know that Trans-Canada Air Lines lost money last year, and we do not know just what the prospects are. As my colleague the member for Muskoka-Ontario said a short while ago, with most of the technical details in the hands of engineers, we may be doing things which are not a practical economic necessity. It is from this point of view that I would ask the minister to make a statement justifying these increases in expenditure. For example, item 511 shows that we appropriated last year $4,900,000, in round figures, and this year we are appropriating $11,138,000, an increase of approximately $6,200,000. We find in subsequent estimates that only a small portion of the total amount voted last year was used. I would like to know, first, why the amount voted last year was not used, and second, why the estimates this year exceed the total used and unused portions voted last year. In view of the fact that air lines in this country are operating at a loss, why are we making substantial appropriations to increase the facilities for something which does not justify itself economically?

Mr. CHEVRIER: The operation of these airports is of course being done at a loss. The house is familiar with the operations of T.C.A. It was operated at a profit for some years, but in the last two years there has been a deficit. That is the position not only in this country but in Great Britain and the United States; and in the United States the loss is proportionately greater than it is in Canada. The object of the department is to see that these airports are maintained in a condition that is safe for landing aircraft. What we do is to make the repairs, improvements and capital expenditures which are necessary in order to provide for the safety of the travelling public. The item we are now discussing contains a revote of $3,109,500. The appropriation provides for the construction and improvement of airports, the construction and improvement of aerodromes and emergency landing fields to meet modern aviation requirements. It also provides for the installation of high intensity lighting, the extension of runways, boundary and approach lighting, the establishment and extension of radio facilities for the safe operation of airways in Canada and Newfoundland. The department has been fortunate in that many of the airports which were taken over were built during the war. If they had had to be built in peacetime the expenditure would have been not $11 million or more, but twice or perhaps three or four times as much. What we are doing now is to maintain and operate them for the safety of air navigation.

Mr. JACKMAN: Where is the end of these large expenditures, as well as of current maintenance expenditures, in this particular field? Is it the view of the government that these air services will ever justify themselves from a dollar-and-cents point of view? If the minister replies in the negative, that in the foreseeable future the revenues from these air services will not equal the expenditures, should not these airports and facilities be looked upon as a matter of national defence and not as something having to do with civil aviation?

Mr. CHEVRIER: I hope the day will come when these services will pay for themselves. But, as my hon. friend has intimated, I cannot say that that is possible in the near future.

Mr. FLEMING: Substantial reconstruction is under way at Malton airport. What amount does this item provide for the reconstruction of buildings and for control and other improvements of the field at Malton? Is anything provided here for the Toronto island airport? Is any extension contemplated by the department which will increase the usefulness of the island airport, or is it simply to be used in the future as it has up to the present, largely for small planes and trainers? Are any changes contemplated at the Uplands airport? I understand that since the new planes were introduced by Trans-Canada Air Lines they are not using the Uplands airport. Apparently the field at Uplands is not large enough for the new planes that are in service; they are operating directly between Montreal and Toronto, but not on the triangular service via Uplands. Can the minister tell us something about that, and indicate whether any changes are provided for Uplands under this item?

Mr. CHEVRIER: There is provision for extending the runways at the Malton airport.

As my hon. friend knows, a substantial sum is being expended for renovation of the administration building.

Mr. FLEMING: How much?

Mr. CHEVRIER: I will get the figure in a minute. We are not spending any money on the island airport. It is under the jurisdiction of the Toronto harbour commissioners. At Uplands, or the Ottawa airport, we do not propose to make the runways large enough to accommodate the new T.C.A. North Stars. We feel that that expenditure would not be justified at the moment.

Mr. FLEMING: Can the minister give the expenditures at Malton under this item?

Mr. CHEVRIER: They are provided in another item. The amount for the completion of the terminal building, facilities and administration building at Malton is $525,000.

Mr. FLEMING: When is it expected to be completed?

Mr. CHEVRIER: When I saw it two weeks ago it was progressing fairly well. I would think that by the end of August or early September it would be completed.

Mr. ROSS (St. Paul's): Who is responsible for making requests for improvements at the various airports? They must come from somebody. When requests do come in, on what basis is it decided whether the expenditure should be made or not?

Mr. CHEVRIER: The demand for improvements is made by the district inspector, and they are given consideration by the director of air services, who decides in the affirmative or in the negative in accordance with the importance of the airport, the amount of traffic, and the economic need.

Mr. ROSS (St. Paul's): Do the inspectors get their information or requests from the various air lines such as the T.C A., the C.P.A., the United States lines, and so on, which are using these fields?

Mr. CHEVRIER: If my hon. friend has Malton in mind, the inspector is in Toronto. Toronto is the headquarters of the central division. He would be guided by the amount of traffic and also by the representations that were made to him by the various air lines using the port.

Mr. ROSS (St. Paul's): The air lines are the one who really make the request. We have been talking about operations. Is there a standard schedule of charges for the various air lines? What are these charges? Are they the same in Canada as they are in the United States for similar airports, and do all the air lines pay the same charges? What is the total revenue that comes in by way of charges? I should like to know how the charges compare.

The CHAIRMAN: Would it be better to let these questions stand until we reach the item?

Mr. CHEVRIER: The discussion has been very general on this item. We have been going on to other items. I shall try to get the information for my hon. friend.

Mr. ROSS (St. Paul's): I want to know what the charges are and whether they should be higher or lower. The government does not own railway stations; the railways have to put them up themselves. It seems to me that the air lines which are operating should pay an economic rent for the stations they use.

Mr. CHEVRIER: The charges that my hon. friend inquired about are uniform throughout the country. They are not necessarily the same in this country as they are in the United States. They are based on the economic service.

Mr. ROSS (St. Paul's): Are our charges lower or higher than the charges of comparable airports in the United States?

Mr. CHEVRIER: I am informed that we cannot compare the charges in this country with those of the United States, because they are not based on the same service. The rates and the charges are not established on the same basis.

Mr. ROSS (St. Paul's): There are two air lines operating from Toronto to New York. One is operated by Trans-Canada Air Lines and the other by a United States air line. Do these lines pay the same charges at Malton near Toronto as they pay in New York when they land there? Is there a difference, and if so, why? Why should we charge less than they do, if we do?

Mr. CHEVRIER: The United States has no standard basis for the establishment of these charges. They vary in each state, and sometimes at each airport. That is why it is difficult to compare them. In some instances ours are higher and in others they are lower, but in every instance there is uniformity throughout the country.

Mr. ROSS (St. Paul's): Do we pay the same landing charges at LaGuardia field in New York as the United States air lines do? Do the United States air lines pay the same charges at Malton as Trans-Canada Air Lines pay?

Mr. CHEVRIER: There is no discrimination at any airport as to the amount of the charges.

Mr. ROSS (St. Paul's): Does Trans-Canada pay the same charges in New York as the United States air lines pay?

Mr. CHEVRIER: Yes.

Mr. MACDONNELL (Muskoka-Ontario): Here we are contemplating an expenditure of about $30,000,000. I ask the minister this question. Are we just going along doing this, that and the other thing, which we think is important, partly for civil aviation and partly for military aviation? Is there any plan of any kind in our minds? In the first place, is there any reason why we should carry commercial passengers at away below cost? I assume we are doing that. If I am wrong, the minister will correct me; if I am right, why are we doing it? What basis is there for arriving at this huge expenditure? Here are millions of dollars to be spent on airports. I imagine it is fully justified, but I do not know. There may be justification purely from the national defence point of view, but I think the minister should give us a statement indicating some underlying principles. We are engaged here in the completely blind business of voting millions of dollars in the absence of any principle on which the money is being spent, and in particular—I come back to this—without knowing whether those who are using the air purely as a means of transport, without any particular reason, are paying their way. In charter services, such as the bush lines, the lines up in Muskoka, and the tourist resorts, people must pay their own way. They do not get government assistance, and I do not think they should; but I suggest that people using the air for ordinary travel should not get government assistance either.

I come back to the first question. Must there not be in the government's mind some basis whereon they determine whether they shall spend ten, twenty, thirty or forty millions, and must there not be in their mind also some part of that amount which is necessary for the purpose of national defence and which would have to be spent anyway? Can we be given that figure? Can we, in other words, be put in a position to exercise some kind of judgment? At the moment all we can do is look at the amount of money we are spending, without knowing the principle on which it is spent.

Mr. CHEVRIER: The request is a legitimate one, and I think the best I can do is to prepare a statement, which I will bring in as quickly as possible, outlining the reasons and the basis for the expenditure.

The CHAIRMAN: Before any other hon. member speaks, may I say to the committee that I try to see that discussion comes from every quarter of the chamber and is not confined to any particular party or group. With that object in mind, it is perhaps necessary for me to call on an hon. member who has stood up only once, when some other hon. member may have stood up four or five times in an effort tc get the floor. The hon. member for Comox-Alberni has the floor now.

Mr. GIBSON (Comox-Alberni): I am curious to know whether the department has been approached by any of the air lines operating in Canada, in the same manner as the steamship lines have approached him, and approached him so successfully. If we give them $2,000,000 in the form of a subsidy to serve people in the outlying areas, has his department considered the granting of subsidies to bush air lines? Coming to the Post Office Department, one can establish an excellent case for the provision of air-mail service. The people in some parts of my riding receive mail every ten or twelve days, and it is conceded down here that that is not good enough, but they say that they are not the department of government which has the function of subsidizing air services. The time is coming when the departments of transport and reconstruction will have to face the problem of providing assistance or better facilities for the people who live on the frontiers. The hon. member for Muskoka-Ontario suggested that the government should not give assistance. I hope I do not misunderstand him. His riding and mine are similar in certain respects. I suggest that if Canada is to be developed, the people who live in the cities, enjoying all the facilities that are provided, must see to it that the people who live on the frontiers and who are producing the natural wealth of the country are also provided with these facilities. I should be glad to assist the minister with my humble vote if he ever came here with provision for assisting the bush-flying organizations. I do not know whether Canadian Pacific Air Lines on the main routes or Trans-Canada need great assistance, apart from what they get now in the provision of first class airports; but these airports, apart from their military value, strike me as being much the same as government docks that we provide. They are for the service of all the people. Heaven knows when any of us will have to use the lines for very urgent reasons. There must be some way in which the department can be of assistance to the people in the outlying districts. I am all for it.

Mr. CHEVRIER: Perhaps the day will come when we shall have to consider the

question of subsidies to air lines and air carriers. Thus far we have not given it consideration.

Mr. KNOWLES: Except indirectly.

Mr. CHEVRIER: My hon. friend has taken the words out of my mouth. We have done so indirectly by aiding in the construction of airports and aerodromes, and paying for their operation and maintenance.

Mr. KNOWLES: And radio beam services.

Mr. CHEVRIER: That is right.

Mr. GILLIS: The hon. member for Comox-Alberni made an excellent socialist speech a moment ago.

Mr. GIBSON (Comox-Alberni): I am broadminded.

Mr. KNOWLES: He comes from British Columbia.

Mr. GILLIS: I do not need to repeat what he said. However, I wish to ask a question. The hon. member for Muskoka-Ontario and others have criticized these expenditures. They wish to know whether they have justified or will justify themselves. I believe they have done so already. In Trans-Canada Air Lines the people of Canada have something to be proud of.

Mr. GIBSON (Comox-Alberni): Hear, hear.

Mr. GILLIS: I think that if we ever arrive at the point at which the hon. member is aiming, where we shall have a fair base to work from and supervise service in the air, there will have to be a consolidation of all under one government department. In my opinion this form of travel, so far as the public is concerned, will have to be closely supervised, and I do not think there is anyone in the country in a position to do that job except the government of Canada, which is responsible to the people. In my opinion the bush lines and C.P.A. should be under T.C.A. There is no comparison between the services, and if the job is to be done properly the government now is providing practically all the facilities. The other lines get the benefit of it. The time will come when the whole thing will have to be operated by the government; I have no doubt about that. What I did rise to ask the minister—

Mr. McMASTER: You were going to ask a question.

Mr. GILLIS: You do not like what I am saying, do you?

Mr. GRAYDON: He didn't say that. Maybe you would like him to.

[Mr. Chevrier.]

Mr. McMASTER: You are willing that they should spend all the money.

Mr. GILLIS: If you have been reading the newspapers and watching the trend of events in the country within the last few months you will come to that conclusion too. You cannot hold the tide back.

I challenge contradiction of the statement as to the comparison of the services. The one service in Canada that I am proud of is T.C.A. They are doing an excellent job, and I do not think we are good Canadians if we do not admit it. Every dollar spent on T.C.A. has been money well spent. There are many other things we are spending money on for which we are not getting value.

I will put my question. During the war there was a meteorological service at Sydney airport. It is the main jumping-off point for overseas airways and the main landing point on the way back. That service was discontinued. I understand that they must get weather reports from other places, and that delays them and causes confusion at times. Is there any intention of re-establishing the service there? I think it is absolutely necessary. Further, to what extent is the department encouraging the development of civil aviation at that airport at Sydney? I know a small commercial company was formed there to give service to outlying sections, with small planes, and I believe they were having considerable difficulty in reaching an understanding with the department.

Mr. CHEVRIER: The answer to the first question would be yes, that the meteorological services at Sydney are now in the process of being re-established. As far as the importance of the airport is concerned, there can be no doubt about that. It is not, of course, the only important one. Dorval is the most important, in the sense that it is a transatlantic airport; but Sydney is being given consideration as an alternate.

Mr. HAZEN: Is any part of this amount of $11,138,000 for the construction and improvement of airports earmarked for the Clover Valley airport near Saint John? A few years ago the then minister of transport gave the municipality the green light to go ahead and acquire land with a view to the establishment of an airport there. The municipality went ahead and expropriated the land; then the matter was held up. Is the minister able to tell us the present position with respect to that proposed airport, and whether any of this money is to be used to develop it?

I should like also to ask the minister whether any portion of this amount is earmarked for

the purpose of developing an airport at or near Fredericton, New Brunswick. Last September and October there was a great deal of discussion in some parts of New Brunswick as to the development of an airport at Fredericton. Will the minister tell us whether any of this money is to be used for that purpose, and whether it is the intention of the government to go ahead with an airport at the capital city of the province?

Mr. CHEVRIER: There is no provision in these estimates for the construction or extension of an airport at either Saint John or Fredericton. Pennfield Ridge, which is an ex-R.C.A.F. airport thirty or thirty-five miles from Saint John, is being used by and for the people of that city.

Mr. HAZEN: Could the minister develop the point any further at the moment, as to whether anything is being done to provide Fredericton with an airport?

Mr. CHEVRIER: I cannot, at this stage.

Mr. HAZEN: Is the minister able to say whether anything more is being done in connection with the airport at Clover Valley, near Saint John? Is that matter still in mind, or has the government decided to wash out the whole thing?

Mr. CHEVRIER: No decision has been arrived at as yet.

Mr. HAZEN: In either case?

Mr. CHEVRIER: I have given the answer with respect to Fredericton; I said I was not able to give any information. I shall do so when the supplementaries are up for discussion.

Mr. GRAYDON: Then may I ask the minister if there will be any estimates in the supplementaries for the Fredericton airport?

Mr. CHEVRIER: I do not know.

Mr. GRAYDON: I do not often go to New Brunswick, but it is always a great pleasure when I do. Last fall I was there on some public business, and at that time a great many things were said about an airport for Fredericton. It seemed suspiciously close to by-election time, and I was wondering if perhaps the government promises were to be carried out in the supplementary estimates.

Mr. CHEVRIER: I did not make the promises; I do not know what they were.

Mr. GRAYDON: I did not find the minister there, but there were plenty of others ready to speak on his behalf.

Mr. MACDONNELL (Muskoka-Ontario): Is there no cabinet solidarity in the matter of election promises?

Mr. ROSS (St. Paul's): I am sorry, but I do not think the minister answered one of my questions. I want to know the charges when one of our planes lands at LaGuardia field, whether they are the same as the charges at Malton. I should like a comparison.

Mr. CHEVRIER: The answer is no.

Mr. ROSS (St. Paul's): Then what is the difference between the cost of landing at LaGuardia field and landing at Malton?

Mr. CHEVRIER: It would depend on the size of the aircraft and the schedule.

Mr. ROSS (St. Paul's): Take the regular trans-Canada plane that goes from here and lands at LaGuardia field. How much do they charge us? Then take the same plane coming back to Malton. How much is it charged there?

Mr. CHEVRIER: I wonder if the hon. gentleman would permit me to answer the question by sending him a copy of the tariff. It is pretty lengthy and a somewhat complicated document.

Mr. ROSS (St. Paul's): Surely the minister can answer that simple question.

Mr. CHEVRIER: I have not the tariff before me.

Mr. ROSS (St. Paul's): I should like to know the difference.

Mr. CHEVRIER: I shall be glad to get the tariff and send it to my hon. friend as quickly as possible.

Mr. ROSS (St. Paul's): Very well.

Then, following the remarks of the hon. member for Muskoka-Ontario, what are the prospects of these airports becoming what might be called economic in their operation? When may we expect expenditures to go down and revenues to come up? Is there any prospect of that? From the information we have obtained today, and in view of this amount of something like $8 million for operating expenses alone, it seems to me that we are voting one of two things. I should like to know if we are voting something that is necessary for Canada, or whether we are voting an expensive luxury. It seems to me that is the way to put it, because I have not been able to make up my mind which it is. We have a great many boards to look after. We are told this board does this and that board does that, and the recommendations come in. I do not know how well they are supervised; I do not know how necessary they are, and as yet the minister has not told us how necessary all these things may be.

Mr. CHEVRIER: I promised the hon. member for Muskoka-Ontario that I would bring in a statement setting out the basis. In reply to the specific question my hon. friend asks, namely, as to the chances of these airports becoming economic in their operation, I stated a moment ago that in the foreseeable future I could not see that they would become so, though eventually I hope they will. All I can say is that the gap is gradually closing.

Mr. ADAMSON: I want to make a plea to the minister with respect to a specific airstrip, namely the one at Banff. This is a small strip in the centre of one of our national parks, where service is provided by a small operator named Gaetz, who is doing some excellent pioneer work in flying in the Rocky mountains. This service is making great areas of the Rockies available to people who otherwise could not possibly see them, without engaging expensive pack trains and having expensive equipment. Service from this strip is opening up a vast mountain territory which up to the present has been virtually unknown to and unseen by Canadians and Americans alike. I realize that in the national parks there are certain restrictions with respect to flying, which in the main I think are archaic; but if for no other reason than that of dollars and cents, in attracting United States tourists, I should like to see this airstrip provided with shelter, facilities for tethering light aircraft, a hangar, and gasoline service. It is estimated that today in the United States there are about 300,000 owners of private aircraft. Most of these are light machines, and the owners do a considerable amount of touring and travelling. I believe that if this airstrip were made available to owners who wish to take a flying holiday, it would be of great advantage to Canada.

I have flown there myself. I have flown out of Banff and extensively around the Rockies. I believe it can be said there is nowhere else in the world where one would find such magnificent scenery or a territory which might be opened up with such profit as our own Rocky mountain region. This is particularly so in the winter months when, because of the vast snowfields, landing hazards are greatly diminished.

I believe the airport itself could be of great value, not only to open up the vast mountain areas, but as a great revenue producer from Americans who wish to come here with their own aircraft in the summer months.

Mr. CHEVRIER: We are not doing a great deal in connection with the development of the airstrip at Banff. The same applies to Jasper. The reason is that the landing field is on national parks' property, and the parks administration is opposed in principle to the extensive development of those resort areas. Then, while the country is all right to fly over, it is not easy to land in. So that at the present time we are not contemplating any expenditures at Banff.

Mr. ADAMSON: I realize the difficulties and I understand that attitude of the parks branch. I believe I have said before that it is archaic. I have done considerable flying in the national parks, and I know that, particularly in the winter months, the difficulties of landing are not as great as have been emphasized. I believe aircraft, and particularly the light variety, offer one of the few ways of really opening up the national parks.

When this matter is considered between the minister himself and the Minister of Mines and Resources, who has direction of the national parks, I hope consideration will be given to the tremendous advantage of making the national parks available to the people. At the present time eighty or ninety per cent of national park areas are not available, unless those who wish to go there outfit themselves with expensive pack trains or are prepared to go on major mountaineering expeditions, either of which is extremely costly. By means of aircraft, great areas of the national parks are made available to the man of average means.

Mr. MacINNIS: Surely the hon. member for York West does not mean that, by the use of air transportation, the parks will become available to persons of average means. Either they won't or his "person of average means" must have means considerably above what I consider average. I think of my own constituency of Vancouver East, composed of average people—ordinary people, people who work in factories and stores.

Mr. JACKMAN: In Russia they live in palaces.

Mr. MacINNIS: Some do; and in this country also, some people live in palaces. Perhaps the situation has not changed at all; except that different people are living in the palaces today than lived in them in the past.

But that is not what I am looking for—although it is what my hon. friend is afraid might happen. He is afraid there might be a change here in those who are living in the palaces today. I am thinking of the people who find it all they can do to take their children to the park on a Sunday afternoon or on a holiday—and travel by street car. These are the average people in Canada; and they do not go either by aeroplane or by pack train to our national parks.

I do not think any great claim can be made for the development of airstrips in our national parks. There is a great deal of development of civil aviation still to be done in Canada, and I shall be prepared to support the minister in that part of the development which is economically useful and reasonable.

Mr. SKEY: Could we get back to a consideration of the specific details in the vote? What are the seventeen airports the minister took over last year?

Mr. CHEVRIER: There is a specific item for that later on, at which time I shall give the details.

Mr. SKEY: Is any portion of the $11,000,000 being voted for the development of new types of engines and experimental aircraft?

Mr. CHEVRIER: No.

Mr. SKEY: Where does that item come in?

Mr. CHEVRIER: There is no such item.

Mr. SKEY: Do I understand that the dominion government has no interest in the experimental work going on at Malton airport?

Mr. CHEVRIER: Yes, we have a deep interest—but not in this department. The Department of Reconstruction and Supply did spend a considerable amount of money on the development of aircraft engines and equipment. What the position is today in so far as their expenditures are concerned, I do not know. All I can say is that there is no provision in these estimates for that item.

Mr. SKEY: Does this amount of $11,000,000 represent more in the way of an initial outlay than a final or complete outlay for equipment for the air force for the supply of radio ranges and instrument landing equipment?

Mr. CHEVRIER: It is neither the initial nor the final; this is a continuing item. I believe I shall be able to establish, when I answer the question asked by the hon. member for Muskoka-Ontario, that we look at these airports across the country and decide how much it is possible to spend this year. Then we apportion it in accordance with the needs, safety and importance of the airport or aerodrome.

Mr. SKEY: I have had some experience with these matters and I know how costly it is. If Canada wishes to retain any place in the aviation field the government will have to be prepared to make these expenditures.

Mr. JACKMAN: No doubt some of the expenditures will be for lengthening and strengthening runways to accommodate the four-engine North Star aircraft? I understand that a jet transport plane is now being developed. If it is accepted, as it gives every promise of being, will the runways have to be strengthened or lengthened? Would the minister be good enough to say whether or not that consideration has been borne in mind in these appropriations?

Mr. CHEVRIER: I am informed by the director of air services that the jet transport plane, as now being developed, will take about the same size of runway as the North Star.

Mr. JACKMAN: I understood, on what I believe was good authority—I know nothing about the technical details—that a jet-operated plane will not require as long a runway or as heavy a roadbed. Is that the fact?

Mr. CHEVRIER: It will require about the same strength of runway, but the length has not been determined.

Mr. JACKMAN: Will any substantial part of vote 511 be used to lengthen runways to accommodate the new four-engine planes we are using?

Mr. CHEVRIER: No.

Mr. FERGUSON: This seems to be a case of the blind leading the blind. The hon. member for Cape Breton South has said he is in accord with the manner in which this government enterprise is being carried on. The facts have shown quite clearly in the last three months that private corporations are able to run in the black rather than in the red, but he claims that they should be taken over by the government. I think he is trying to mislead this committee and the people of Canada when he advocates taking over Canadian Pacific Air Lines and other similar companies that have been able to operate without any assistance from the taxpayers. The Canadian Pacific have gone ahead on their own under private enterprise and are now operating at a profit. It is certainly a case of the blind leading the blind—they have been partly successful in the last three months—and the people will soon get on to that kind of nonsense. I think we are doing a great job of squandering the taxpayers' money. The fact is that the hon. gentleman knows nothing about aviation in any way, shape or form.

Mr. KNOWLES: The hon. member for Simcoe North says that private companies like the Canadian Pacific do not ask for a single dollar of the taxpayers' money. He makes that statement right at the moment this committee is voting $11 million, along with other items, to provide for air services which the minister

admitted a while ago constitute indirect assistance to all companies, including private air lines such as the Canadian Pacific.

Mr. FERGUSON: May I say this to the hon. member who has resumed his seat: Has not the Canadian Pacific railroad assisted the government railroad just as much as this? It is not all charity from the government.

Mr. KNOWLES: I think the hon. member is taking the wrong example there. He must know, as most of us do, the history of railroad development in this country. We know that back in the last century the public assistance to the Canadian Pacific was tremendous. When the Minister of Trade and Commerce first announced the government's aviation policy he said that one thing his government wanted to avoid was the kind of scandal we had in connection with the development of railroading in this country.

Item agreed to.

Air service—Civil aviation division—Airways and airports—
Operation and maintenance—
513. Radio aviation services, $3,868,495.

Mr. McLURE: I have come to the conclusion that this committee has wonderful faith in the Minister of Transport and I am sure he must be gratified. Out of a total vote of $50,000,000, we are being asked to give a blank cheque for $10,000,000 because no details are shown for that amount. In vote 513 there is one item of $2,198,000 for which some details are given, but then there is a blank cheque for 70 per cent, or about $1,670,000, where there are no details whatever. That is quite all right if we have extreme faith in the minister, but I think there should be more definite details for the $10,000,000 that is being voted for temporary assistance.

Mr. CHEVRIER: I do not know that I understand what my hon. friend is getting at. We are now dealing with vote 513, which is for $3,868,000.

Mr. McLURE: Details are given for $2,198,000, but the $1,669,000 is without detail.

Mr. CHEVRIER: I am afraid my hon. friend is on the wrong page. The details are given on page 280 of the estimates.

Mr. McLURE: You have a vote of $3,868,000, with temporary assistance of $1,669,805.

Mr. CHEVRIER: This vote is made up of salaries for employees of airways and airports to the amount of roughly, $2,000,000. Then the other items are:

Materials and supplies	$564,000
Repairs and upkeep of buildings, works and structures	140,000
North Atlantic meteorological communications	120,000
Light, power and water	132,000
Telegrams, telephones and postage	44,000
Printing and stationery	25,000
Trans-Canada Air Lines operational traffic contract	287,000

Mr. COCKERAM: Will the minister explain that item?

Mr. CHEVRIER: Trans-Canada Air Lines operates a radio communication service by virtue of a contract made with the Department of Transport for which we pay $287,000. The total of those items is $3,868,000.

Mr. COCKERAM: I notice there is a reduction in the number of radio operators. With the expansion of Trans-Canada Air Lines and flying generally, it is surprising that there should be a reduction of practically forty.

Mr. CHEVRIER: There is an increase.

Mr. COCKERAM: Last year there were 108 radio operators, but this year the number is down to 62.

Mr. CHEVRIER: They were promoted to grade 2.

Mr. COCKERAM: Even then there is a reduction.

Mr. CHEVRIER: Instead of having 108 radio operators, grade 1, we have sixty-two.

Mr. COCKERAM: There are twenty-six radio operators, grade 2, and sixty-two radio operators, grade 1, or eighty-eight altogether as compared with 108 last year.

Mr. KNOWLES: But there are twenty-seven radio technicians this year.

Mr. CHEVRIER: Yes; nineteen radio technicians, grade 2; two radio technicians, grade 3, and six radio technicians, grade 4. That accounts for it.

Mr. ROSS (St. Paul's): On page 281 of the details the salaries for the permanent staff are shown as amounting to $336,974 and, for temporary assistance, $1,669,805. Why is that item for temporary assistance so large? What do they do?

Mr. CHEVRIER: In every department there has to be a proportion of temporaries. I do not know just what it is, but there is a ratio established between temporaries and permanents. That practice has existed over the years.

Mr. ROSS (St. Paul's): But there are five temporaries to one permanent. I cannot understand why that should be.

Mr. CHEVRIER: We are behind in our conversion from temporaries to permanents.

Item agreed to.

Civil aviation division—

515. Grants to organizations for the development of civil aviation, in the amounts detailed in the estimates, $30,000.

Mr. GRAYDON: I want to say something in connection with the Royal Canadian Flying Clubs Association. I note in the details relating to item 515 there is a grant to the Royal Canadian Flying Clubs Association of $5,000, and it is upon that item I desire to say a word or two. No doubt members of parliament generally have, from time to time, been kept in touch by the organization known as the Royal Canadian Flying Clubs Association with the financial aspect of the association's activities. As the minister knows and the committee is aware, prior to the war, indeed as early as 1928, a flying clubs association was set up, comprising the operators of flying clubs throughout Canada, and until the war broke out, government grants were made to each of these clubs. If my memory serves me aright, there was at one time a grant of $1,000 to each of these clubs from the dominion treasury. It requires no words of mine, Mr. Chairman, to indicate the vital importance of the work done and the contributions made by those who were trained in the flying clubs of this country prior to 1939. Some 350 pilots, properly trained, were available at the time war broke out. Many others had gone overseas prior to 1939 and enlisted in the Royal Air Force. The importance of the work done by these flying clubs therefore does not need to be emphasized at this time, because it is generally recognized and is well known to all hon. members. But with the war the activities of these clubs were diverted, of course, to other things, and not until after the war was over did the old flying clubs attempt to re-establish themselves and new clubs come into being.

One of my personal interests in this matter is the excellent and progressive flying club which has been established in my own part of Canada near the town of Brampton. I think most of us realize what this means with respect to our whole national picture. There are at the present time some forty-three flying clubs in the organization known as the Royal Canadian Flying Clubs Association.

Training pilots has never been a profitable business; it has been an unprofitable business by and large, and I am told that none of these clubs all across Canada is in a strong financial position, but rather that most of them can be said to be in a weak financial position, with some of them running definitely in the red. I do not need to emphasize to this committee or to the minister or the government how important flying training is to our national defence, or the other aspects of the club's activities which, of course, are valuable assets in peacetime set-up. Bearing that in mind, it seems to me that the government should include in its estimates a grant or subsidy to these flying clubs. I know of nothing that would meet with more general approval, and I make an earnest plea to the minister now to see if that cannot be done before the session is brought to a close. It may be that the minister has in mind including an amount for that purpose in the supplementary estimates, and if so I hope that it will be a generous amount, because the young men who are operating the flying clubs are for the most part veterans who gave conspicuous service to their country in the recent war. They are trying now in another way to do something for Canada in peace, and perhaps also have in mind our national security in case of another emergency. I think, therefore, it becomes a matter of national concern. I should not like to see club after club go out of existence, simply because the government had not given them something in the way of the grant which they required.

The operational costs of these clubs have, of course, increased as have the operational costs of everything else. The clubs are confined, as you, Mr. Chairman, well know, to certain kinds of training, and they have not the opportunities of going into commercial business as some other concerns have whereby they can make a profit which helps to keep the other end of their operations out of the red. I hope that the minister will be sympathetic to the plea I am making on behalf of a section of our citizens who have done a magnificent job in war and are anxious to do a similar job in peace, through training young men in the art and science of flying. I would ask the minister to give every possible consideration to the plea I have just made.

Mr. CHEVRIER: I can tell the hon. gentleman that I have some knowledge of the work done by these clubs, because when I was parliamentary assistant to the Minister of Munitions and Supply I had the good fortune to be chairman of a subcommittee which went into this matter thoroughly and strongly recommended in favour of assistance being given to these clubs. In fact, I think the report went so far as to say that if it had not been for the

work of the flying clubs it would have been impossible to develop our air strength to the position it reached. The hon. gentleman will find me quite sympathetic to the application that has already been made. I have had the responsibility for this part of the Department of Transport for about a month. One of the first things that came to my attention then was this very matter to which my hon. friend refers. I have not been able to deal with it in the sense of arriving at a decision, but I can assure him that it will be given careful and most sympathetic consideration.

In this item $5,000 is provided for the Royal Canadian Flying Clubs Association. That, of course, does not begin to meet the position. It is a grant which is included in the estimates. When the time comes for consideration of the supplementary estimates I think I would be prepared to see that a similar amount is put in the supplementaries; but on the general question raised, I can tell the hon. member now that he will find me sympathetically disposed toward it.

Mr. GRAYDON: May I make one suggestion. I think something more than another $5,000 would be in order—

Mr. CHEVRIER: I agree.

Mr. GRAYDON: —because that would seem to me to be wholly inadequate. I believe the minister will agree with me that something much more substantial than that will be necessary to alleviate the present situation.

Mr. CHEVRIER: I did not intend to leave the impression that a grant of $5,000 or even $10,000 would meet the situation. Neither did I want to leave the impression that the problem can be dealt with in the supplementary estimates. I do not think it can be, but I can assure the hon. member that it will be carefully looked into.

Mr. LOCKHART: I want to add a word. Some two months ago I made reference to this matter in the house. I think it was on the speech from the throne that I brought the matter to the attention of the minister. I do not believe the present minister was charged with that branch of the department at that time. When I saw these estimates I came to the conclusion that, in making an appeal for more consideration, I was just a voice crying in the wilderness. I mentioned at that time that civilian groups put large amounts of capital into the picture. At that time the flying clubs associations across Canada took hold of the promotion of the training of aviators so urgently needed at the beginning of the war.

When the minister mentions $5,000 I know it is just a nominal amount. He has shown us that he is sympathetic. The committee appreciates that, but I wish to remind the minister of the work done, not only by the personnel of the flying clubs associations, but by the great men who got behind this with their money. We do not know just how soon we may have to turn to these facilities again. In these days of uncertainty we never know what will happen. When the minister comes to make his decision I hope that he will put a couple of digits at the end of the $5,000.

Mr. SKEY: I should like to support the stand that has been taken by the hon. member for Peel and the hon. member for Lincoln in requesting assistance for the flying clubs of Canada. In doing so, I shall not go into the job that they did before and during the war, except to say that they formed the elementary flying training schools which turned out the bulk of the British commonwealth air training plan pilots. As the minister knows, at the end of the war they turned back millions of dollars—I am prompted to say $6,000,000—to the government. It would be unfair if I did not point out the situation which has arisen as a result of some of the government's kindness to these clubs. Although they turned back their money, the government did hand over to them hangars and many other facilities at these various airports. We now find that the cost of operation and maintenance of the very things that were given to them has placed some of the clubs in an unfortunate position. We cannot criticize the government for what it has done. We can say that in many instances the clubs have taken on more than they can handle. I suggest to the minister that the government consider permitting the clubs to draw on the moneys turned back at the end of the war for the training of pilots to licensed standards. I would say men and women pilots, because I do not think women should be excluded from the aviation field.

Of course we can turn to the defence side of the picture and make a good case for it there, but even on the civil side of it there is no doubt that our country is peculiar in the way in which it lends itself to all forms of aviation, geographically and in many other ways. Unless we develop pilots, we shall never be able to explore, settle or progress to the north in the way that we should. The moneys that were handed back could be used for this, and I am sure the minister could make a good case before his colleagues.

I was pleased to hear him say this afternoon that he had had an initial experience with these clubs. I am sure that his dealings

with them will have convinced him, as they have convinced me, from what I have seen of them, that at least they are run by excellent citizens, people with vision and imagination, people who, if given some assistance now, could continue to do the wonderful job for our country that they have in the past.

I shall end as I have begun by asking the minister for more than the sympathetic support of his colleagues. I ask him to put the case to them before the supplementary estimates are brought down, so that this temporary pre-war scheme can be reinstated and the whole position fully discussed between the government and the flying clubs.

Item agreed to.

Air services—Meteorological division—

516. Meteorological services, $4,674,335.

Mr. COCKERAM: I notice that the total of wages and salaries paid to the permanent staff amounts to $376,478. The amount paid for temporary assistance amounts to $2,037,451. The minister has said that this happens in all departments of government. In this case I take the view that the amount is out of all proportion to the number of permanent employees of the department. Will the minister give us a breakdown of the $2,037,451? Let us have an explanation of this temporary assistance.

Mr. CHEVRIER: The hon. member would like an explanation of why the temporary assistance amounts to $2,037,451 as compared with the amount for permanent employees. The answer is that during the war it was impossible to make these employees permanent. That is why the relationship between permanent and temporary employees is so one-sided, Until such time as the war was over and we moved into a more stable position, it was not possible to do what my hon. friend has in mind. It will take some time before it can be done. When, I do not know. I am informed by my officials that it is being carried out gradually, and that the normal position, which should be, I suppose, eighty-five per cent permanent and fifteen per cent temporary, will be reached in due course. When, I cannot say.

Mr. COCKERAM: How many employees are covered by "temporary assistance"?

Mr. CHEVRIER: Roughly, 1,100.

Mr. MacINNIS: I think the hon. member for York South has a point there. There is nothing wrong with it, except that members of the committee do not know the number of temporaries as compared with the number of permanents. The matter came up in one of the committees I happened to be on and there was some questioning. The explanation is fairly simple. The minister mentioned fifteen per cent as temporary. I believe the percentage given me was twenty.

Mr. CHEVRIER: It was at that time.

Mr. MacINNIS: I was given that the other day, but it is not worth quarreling about. During the war there was a great increase in many departments, and these additional employees will be for the most part temporaries until they have served their probation and have been made permanent. If the department, in presenting the estimates, would give the number and grades of temporaries as well as of those who are permanent it would clear away the difficulties and we would know where we stood.

Mr. COCKERAM: How many of these meteorological stations are there in Canada and what is the set-up? Some in the north country have only one man. Can the minister let us know something about the department in which we spend so much money?

Mr. CHEVRIER: There are about twelve main forecast offices in such places as Goose, Gander, Halifax, Moncton, Dorval, Malton, Winnipeg, Edmonton, Whitehorse and Vancouver, and 220 surface weather reporting stations. Of these, 110 provide weather information every hour and thirty-five provide winds aloft information.

Mr. COCKERAM: Most of those in the north are the kind with only one man?

Mr. CHEVRIER: The surface weather stations would have from two to four, and the main forecast offices would have as many as forty. There are 740 climatological stations. Of these, about 460 are manned by voluntary observers.

Mr. PEARKES: Two years ago the forecast station at Victoria was discontinued and, since then, we have been getting weather reports from Vancouver. It would appear that the weather on the south coast of Vancouver island has deteriorated ever since that change. Can we get our station back?—because really there has been no change in the weather.

Mr. KNOWLES: Good old weatherman.

Mr. GIBSON (Comox-Alberni): Has the minister given further consideration to the establishment of a weather reporting ship off the north Pacific coast? I understand that representations have been made. Can such a ship be established? It is conceded that it would be a valuable addition to the facilities for providing weather information in Canada.

Mr. CHEVRIER: There is no finality on that question. The matter is under consideration, but no decision has been arrived at.

Mr. GIBSON (Comox-Alberni): Do the officials think it would be desirable to have such a station?

Mr. CHEVRIER: I do not know.

Mr. PEARKES: Can you open up our Victoria station?

Mr. CHEVRIER: It is true that the station has been discontinued. Vancouver has been given the job of forecasting weather over that area.

Mr. PEARKES: They have done it very badly.

Mr. CHEVRIER: The complaints are being investigated from head office here.

Mr. SKEY: What is the division of responsibility as between the minister and the Minister of Reconstruction and Supply? Are all these items which we have dealt with this afternoon under the immediate jurisdiction and authority of the Minister of Transport?

Mr. CHEVRIER: During the war, when the present Minister of Trade and Commerce was appointed Minister of Munitions and Supply, he assumed full responsibility for all air services and continued to have that responsibility until about a month ago. The position now is that the responsibility, which was at first with the Minister of Transport but which, by virtue of the Transfer of Duties Act, went to the Minister of Munitions and Supply, is once more under the Minister of Transport, save for responsibility for Trans-Canada Air Lines, which remains with the Minister of Trade and Commerce. The responsibility is now with the Minister of Transport with that one exception.

Mr. KNOWLES: There is no item in the estimates of transport for which the Minister of Trade and Commerce is responsible to parliament.

Mr. CHEVRIER: No.

Mr. SKEY: So T.C.A. is now in the same situation as Polymer and Park Steamships?

Mr. CHEVRIER: Yes.

Mr. SKEY: The minister of reconstruction is operating the air lines and the Minister of Transport runs all the rest.

Mr. CHEVRIER: Yes.

Item agreed to.

[Mr. Gibson (Comox-Alberni).]

Air service—Radio division—

517. Administration of the Radio Act and regulations, $540,277.

Mr. COCKERAM: Can the minister explain this set-up? I notice that there are many engineers. What are the duties of this division, having regard to Canadian broadcasting activities?

Mr. CHEVRIER: This estimate is a consolidation of the normal and former demobilization and reconversion appropriations. It provides for the headquarters staff at Ottawa engaged in the general administration of the radio division and the Radio Act. It provides for the operation and maintenance of five frequency standards and monitoring stations at Hartlen Point, Nova Scotia; Ottawa, Strathburn, Ontario; Winnipeg, and Vancouver; two ionospherics observation stations at Clyde River, Baffin Island and St. John's, Newfoundland; the radio standards laboratory at Ottawa; aircraft radio inspection services at Halifax, Montreal, Toronto, Winnipeg and Vancouver, $12,205; and for prosecutions in connection with radio licences and other infractions under the act, $17,725.

Mr. HERRIDGE: May I refer to the radio reception under this item?

Mr. CHEVRIER: That will come under item 519.

Mr. SKEY: If this can be treated as a general item I should like to put some questions to the minister on the subject of television, because I see no other place I can deal with it. I want to begin by asking whether the department have any plans for inaugurating television service in at least the major urban centres of Canada in the near future.

Mr. CHEVRIER: I am informed that at their last meeting the board of governors of the Canadian broadcasting corporation gave consideration to this question. A report has not been forthcoming from the board, however, and until it is, I am afraid I am not in a position to give much information. I have some ideas, but I would not attempt to put them forward until I knew what the recommendation was, if there is one, of the C.B.C.

Mr. KNOWLES: Does the C.B.C. report to you?

Mr. CHEVRIER: It reports to the Minister of National Revenue; but, as far as licences are concerned, the Minister of Transport may approve the recommendations made by the board of governors of the C.B.C., and, as a rule, he does not interfere with those recommendations.

Mr. SKEY: I am glad to learn that this decision has not yet been taken, because I should like to make one or two personal observations which I think will meet with the approval of anyone who has ever seen television in operation. May I ask the minister if he has ever seen a television set in operation?

Mr. CHEVRIER: I have not.

Mr. SKEY: I would strongly recommend that, before any decision is reached, the minister and as many as possible of his colleagues should see television demonstrated. Recently I had an opportunity of seeing it in operation, and I was tremendously impressed with the clarity with which the picture comes through on the electronic beam and tube. I should like to put on record one or two statistics for the minister's consideration. In the first place, in the United States advertising by television has increased by over 800 per cent in one year. There are twenty-seven television broadcasting stations now in operation, and there will be a coast to coast hook-up in the United States by the end of this year.

These figures are significant when one realizes that here in Canada we have experts and electrical companies who have gone a long way in research in these fields. I have particular reference to Wing Commander Patrick, formerly of the R.C.A.F., who is now with RCA-Victor and who was our radar specialist at Clinton school during the war. If the attitude of the C.B.C. can be liberal, shall I say, in this field I believe it will bring forth great advances in Canadian culture and in the sporting field. So I believe we should not only ask the C.B.C. to enter the television field, but that private radio stations should have the right to apply for television licences, which should be granted in particular to those serving urban centres.

I should like to touch on just one more point, and it is this. Unless the government takes action in the television field, we shall find our country invaded by the television broadcasters of the United States, in one way or another. If we wish to maintain our own institutions and our independent method of operation we should get moving now in the television field.

Item agreed to.

Air services—Radio division—

518. Radio direction finding stations, radio beacons and radiotelegraph stations, operation and maintenance, $1,508,243.

Mr. PEARKES: Representations have been made that the radio beacon service on the west coast has been far from satisfactory. I know, when the minister was visiting Vancouver island a year ago, this situation was pointed out to him, and I understood that efforts were being made to improve that service and to have two new radio beacons erected on the coast. What progress has been made in that direction?

Mr. CHEVRIER: We have been reviewing the position, and we are making provision for two new beacons.

Mr. PEARKES: They are included in this estimate?

Mr. CHEVRIER: That is right.

Mr. GIBSON (Comox-Alberni): Where are those beacons to be located?

Mr. CHEVRIER: The sites have not been finally determined.

Mr. GIBSON (Comox-Alberni): But they will be erected this year?

Mr. CHEVRIER: It is in the estimates.

Item agreed to.

Air service—Radio division—

519. Suppression of radio interferences, $321,291.

Mr. HERRIDGE: Under this item, I want to bring two matters to the attention of the minister, one concerning radio reception in my district, and the other having to do with radio interference. In the district I have the honour to represent, we have two radio stations, one at Trail and the other at Nelson. I speak of the situation there, because I know in recent years these stations have served the outlying districts less and less, as a result of the increased power of the United States stations. The local stations serve the two communities of Trail and Nelson very well indeed, but in the upper portion of the Arrow lakes, particularly, and in some parts of the Kootenay lakes these stations cannot be heard satisfactorily, particularly at night. I am not an expert; I have very little knowledge of anything mechanical; but cannot something be done by putting in a booster station, or something of that sort, to provide satisfactory radio reception for those living in these isolated places? I realize it is a difficult problem, but quite a large number of my constituents now get very poor reception indeed, which I understand is largely due to the fact that the stronger United States stations drown out the local stations, particularly during the evening hours.

There is another point with respect to radio interference. It seems that as the years go by, interference becomes worse and worse. I understand that all the new electrical gadgets,

razors and machines of all types, cause a great deal of difficulty. I believe the departmental officials have toured the district and done their best to locate the trouble; but it is still a serious matter, so much so that in the upper Arrow lakes and some sections of the Kootenay lakes it is not worthwhile to listen to the radio. I do not know what the laws are in that respect; but I am sure something can be done to place protective devices on this electrical equipment, which is being used to a far greater extent than ever before; and this must be done if we are to have any sort of satisfactory radio reception.

I should like the minister's comments on the matter of reception and on the question of radio interference.

Mr. CHEVRIER: If the poor reception to which the hon. member refers is due exclusively to other, high-powered stations either in our own country or in another country, then the way to overcome that difficulty is for the private station to increase its power. That situation did not exist years ago, when many stations both in Canada and the United States used less power than they use today. The situation in my hon. friend's community is a duplication of what is happening elsewhere. Many of the smaller stations have found it necessary to make application for an increase in power, and in most cases, when the position is as my hon. friend states, these applications have been granted.

As far as interference is concerned, we have inspectors looking after such matters. I do not know where the nearest one would be to my hon. friend's constituency; I presume he would be in Vancouver, though I am not too sure. It is part of the duties of these inspectors to go out with the interference car and ascertain what may be the cause of the bad reception. There is a multitude of causes, such as defective wiring or alternate current. Very often in the homes there are oil burners, washing machines and the like which affect the reception. If the hon. member will write to the inspector or say a word to the officers I think there would be no question about the inspector's going out, getting the facts and finding out what the causes are, with a view to eliminating them. Some of those causes are local, and sometimes people do not like to instal the equipment necessary to do away with the interference.

Mr. GIBSON (Comox-Alberni): I have a problem similar to that mentioned by the hon. member. I am curious to know if there is any co-operation between the suppression branch of the minister's department and the Canadian Broadcasting Corporation. I often think I would like to see the C.B.C. in the capable hands of the Minister of Transport. The two would work well together.

For instance, a man from the suppression branch comes to Alberni and states that there is no chance of proper or adequate radio reception there until C.B.C. programs are piped in by wire. The result is that 10,000 or 12,000 people have not proper or adequate radio coverage. I have applied to the C.B.C. for an extension of the wire facilities in there, but I am wondering what the effect would be if my representations were supported in some routine manner by the minister's department.

Mr. CHEVRIER: I have to tell the hon. member that there is no connection between the radio services of the Department of Transport and C.B.C. Perhaps the best answer to the question would be this, that if the radio service were under the C.B.C. or if the C.B.C. were under the radio service branch of this department, that would meet the position. C.B.C. operations have to do with the licensing of stations, not with the interference with and suppression of radio activity.

Mr. GIBSON (Comox-Alberni): It has always seemed to me that the Department of National Revenue could have nothing to do with radio. Certainly there is no revenue from the C.B.C. It would seem to me much more satisfactory to have it in the hands of the minister.

Mr. MOORE: The hon. member for Mackenzie and I have had communications in the last two years in which we have pointed out radio interference at Gillam, Wabowden and Churchill, caused by the operation of government teletype machines at Churchill. Several attempts have been made to overcome the interference in the past, but I understand that up to the present time those attempts have not been successful. Would the minister look into the situation and, if possible, have it corrected?

Mr. CHEVRIER: I have already had correspondence with the Canadian National Telegraphs, and I shall look into the matter again.

Item agreed to.

Air service—Radio division—

520. Issue of radio receiving licences—(Transport department only), $571,439.

Mr. ROSS (St. Paul's): Mr. Chairman, to my mind the C.B.C. should be under the wing of the Department of Transport. This vote shows extravagance on the part of the government, and there can be no justification for the vote at all. It is just a silly thing. This is a nuisance tax, and we find that the consolidated

revenue fund has to pay for the collection of this $2.50 tax, the amount of the licence fee.

The C.B.C. receives the full amount of fees collected. The situation is really incongruous. It is hard to understand how the government would act in this way. Here we have an expenditure of $571,439 to collect $4,798,000. I got those figures today from the C.B.C., and perhaps the minister would tell me if they are correct. This $571,439 is not chicken-feed; it is taken from the taxpayers of this country, just in the same way as any other taxing money comes from the taxpayers. This amount of money appearing in the vote is the expense in connection with the collection of moneys to be paid over to the C.B.C. It is raised by the Department of National Revenue, through taxation of one kind or another which, on the average, is collected for about one per cent. But when one looks at this he finds the ridiculous situation where it costs eleven per cent to collect this sum of $4,798,000 which is paid over to the C.B.C. I cannot understand how anyone with ordinary common sense would say that we should pay eleven per cent to collect a nuisance tax; and why it is collected, I do not know. Why pay that amount, when money can be collected for slightly more than one per cent?

More than that, many people forget to pay this tax, and other people do not buy licences. There are plenty of people who have radios and who have paid no tax.

Not only that, if you have one radio you must pay a tax of $2.50, but if you have ten radios you pay no more. However, if you have a radio in your car you must pay $2.50 extra. The whole thing is silly. And if one does not pay his tax, the next thing he knows he is hauled into court and must pay not only the tax but the expense of collecting it, and a fine.

Why is the tax collected? It is collected, supposedly, to support the C.B.C. in its programming. Yet, in many places the C.B.C. cannot be heard. Only a short time ago in Fort Frances, while the C.B.C. could not be heard, the people were forced to pay their tax, simply because they had radios.

This amount is not for the policing of radio, because that is provided for in another vote. The Department of Transport does that on another basis by an expenditure from the consolidated revenue fund. This $571,439 is simply for the collection of the $2.50 fee from everyone. It is collected from the pensioner who gets only $40 a month, from the burnt-out soldier, from the widows—and to these people the expenditure means a great deal. The whole thing is ridiculous.

And, what is worse, it is not the listener who must pay, but the owner of the radio. It is he who pays the sales tax, the 25 per cent luxury tax; and because he has a radio operating he must pay this fee of $2.50. The whole thing is so silly! I cannot say how silly I think it is! What the principle is I do not know. If you are going to tax at all, you should tax every radio. On the other hand, if you are going to tax you ought to tax the people who are listening, not the people who have the radio and are giving enjoyment to the public who have no radio.

I just have to make this protest again. I could go on and talk much longer. Parliament passed an act which provided that the C.B.C. were not to be charged for the collection of this fee as had been the case in the past. All you need to do if the C.B.C. needs money is to pay them something for every person in Canada, pay them on a per capita basis and have them stick to that, instead of having this nuisance tax, having people come up and ring your doorbell and ask if you have paid your radio fee. There are hundreds of other people who have not and others are called into court because they have not paid or have neglected to pay. The thing is just too silly when one comes to think of it.

It costs $571,439 to collect $4,798,000 which the C.B.C. get without any charge. Why should they get the total amount? It is only a subterfuge. If they need more money, why not raise the rates, or why not charge on every radio?

If this is an indication of government policy in connection with the estimates of the other departments; if all estimates are as extravagant as this, then we ought to scrutinize the estimates of all the departments much more than we have been doing. This $571,439 is the taxpayers' money, and it is collected for no reason at all that I can see.

Mr. COCKERAM: This item reads:

Issue of radio receiving licences—(Transport department only).

What other cost is there in the issuing of radio licences if this does not cover it all?

Mr. CHEVRIER: There are accounting services by the Department of Transport.

Mr. COCKERAM: In going through the minister's estimates, I find that over three-quarters of a million dollars are for sundry items. Surely there should be a better system of handling expenses, so that you would not need to have over $750,000 in sundry items.

Mr. ROSS (St. Paul's): I should like to have the minister's opinion of this $2.50 tax on radios. I want to know whether he thinks eleven per cent is a reasonable cost of collecting this tax?

Mr. CHEVRIER: Yes, I think eleven per cent is more than good; it is more than what it would cost to do it in any other way. The hon. member has been critical of this item, but he has not suggested any other way in which it can be done.

Mr. ROSS (St Paul's): I have suggested that a per capita amount be granted to the C.B.C. from the consolidated revenue fund, and in that way it could be collected for a little over one per cent. The minister says this is an economical way to collect this tax, but how would he like to collect all taxes and have it cost eleven per cent? How can he justify taxing the poor fellow with one radio $2.50, while the other fellow with ten needs to pay only the same amount? Then those who cannot get reception from the C.B.C. have to pay as well.

Mr. CHEVRIER: I repeat that eleven per cent for collection of this licence fee is not only average; it is good. I do not know of any other way in which it can be done as economically. My hon. friend has suggested a method, but if it were done in that way it would destroy the independence of the C.B.C.

Mr. ROSS (St. Paul's): It would not destroy their independence.

Mr. CHEVRIER: My hon. friend has been doing a lot of talking, and perhaps he will allow me to say something. The hon. member makes a speech on this item every time it comes up. He does not like the $2.50 charge and I do not imagine anybody else does. However, there must be a charge in order to administer this service. At one time it was $2 and then it was increased to $2.50. It has not been changed in the last several years. My hon. friend wants to know what I think of it. I think the fee is a fair one. Perhaps it would be far better if it were possible to do without it, but I think the charge is fair, having regard to the service given. I do not think the average person who sits at home and listens to a program from the C.B.C. or some other station will complain very much about the $2.50. The proof of that lies in the fact that on an average the people pay up fairly well.

Mr. KNOWLES: Five cents a week.

Mr. CHEVRIER: On an average they pay more voluntarily in the radio field than they do in others. The hon. member for Winnipeg North Centre says it is only five cents a week. No one can complain about that. I suppose, on this item, we could enter into an argument which would go on a long time. I am familiar with my hon. friend's views, because I have heard them before. He is entitled to them, but I do not think it would be advisable at this time to do away with the $2.50 fee.

[Mr. Ross (St. Paul's).]

Mr. SHAW: It occurred to me when I first examined this estimate that the cost of collecting the licence fees was unreasonably high, and I have not been entirely convinced that it is not. The minister asserts that they have adopted the best method possible, at least what they believe is the best method possible for the collection of these licence fees. I fancy that the government would be well advised to give further consideration to a less costly method of collection.

It is true that eleven per cent might be quite reasonable, having regard to the methods employed, but I personally feel that the government would be well advised to give further consideration to developing a better method. On page 285 of the estimates appears the following item:

> Payments to Canadian Broadcasting Corporation in lieu of commissions to issuers.

I should like to have some clarification of that statement. My understanding is that the Department of Transport now remits to the Canadian Broadcasting Corporation $2.50 for each $2.50 collected, the cost of collection being a charge against the Department of Transport. I am not positive as to the reason for the change in procedure, unless it was to make the balance sheet of the C.B.C., a public enterprise, look more favourable to the public. I sometimes think that was the reason. Will the minister explain that statement at the bottom of page 285?

Mr. CHEVRIER: The authority for the change whereby the Minister of Finance passes directly into consolidated revenue fund the amount of the licence fees is to be found in section 14 (1) (a) of the Canadian Broadcasting Act, which was amended last year. That amendment reads:

> (a) the gross amount of the moneys received in each year from licence fees in respect of private receiving licences and private station broadcasting licences without deducting therefrom any costs of collection or administration.

Prior to that, costs of collection were deducted. That is why this vote has been increased, because it includes not only the cost of administration but the commission to the agents who collect the licence fees.

Mr. ROSS (St. Paul's): The minister argued that if so much money was taken from consolidated revenue and handed over to the C.B.C. it would destroy its independence. That is exactly what is happening now; the money is being handed over to the C.B.C., but its independence is not destroyed. I cannot see how the minister can justify the present situation in which $571,000 is taken from the taxpayers of Canada in order to collect this

$2.50 licence fee. No inspection is given in return for the licence fee, no more than is given of an electric heater or a stoker that a man may have in his home; nor does the department get any benefit from this $2.50. The thing is silly.

Mr. COCKERAM: Would the minister explain that item of sundries and let us know why a little closer estimate cannot be made of the department's requirements?

Mr. CHEVRIER: Which item?

Mr. COCKERAM: I was referring to the sundries items which appears all through these estimates. These sundries amount to over three-quarters of a million dollars.

Mr. CHEVRIER: In most of the administrative votes, not only for air services but other branches, there is a breakdown and, as my hon. friend says, there are a number of items for sundries. They are to cover miscellaneous unforeseen expenses which cannot be classified under a particular heading such as "salaries."

Mr. COCKERAM: What is covered by "sundries?" They do not cover printing, telegraph and telephone service, because these items are mentioned separately.

Mr. CHEVRIER: I am trying to tell my hon. friend what is covered by "sundries," if he will allow me. Apparently he has made an addition of all the sundry items. I have not added them up and do not know what they total. What I am trying to say is that in every business or corporation, and much more so in government, there are a number of unforeseeable expenses that come up from time to time, depending on things that take place. In the administrative items there is a breakdown. If my hon. friend wants a detailed explanation of all the sundries I suppose I could ask my officers to procure the information, but it would be an almost impossible task to give a breakdown of sundries. I am looking now at the item for sundries in the vote for departmental administration, transport. The amount is $22,591.

Mr. COCKERAM: There is another item for sundries totalling $301,120.

Mr. CHEVRIER: Which is that?

Mr. COCKERAM: I will find it.

Mr. CHEVRIER: There is another one in the radio service for $30,000. It has to do with increased cost of snow removal, increased contributions to unemployment insurance, rental of buildings, equipment and land which had not been foreseen and which was not provided for when the main estimate was made up. All that was lumped in the item for sundries.

Mr. CHURCH: I want to say something about prosecutions for not having a radio licence. In the first year the prosecutions were practically confined to the city of Toronto. There were practically no prosecutions in this city or in the city across the river. Furthermore, there should be uniformity in the fines. A person should not be fined $25 in one town and practically nothing in another town. There should be a uniform scale of fines. I look upon the radio corporation as one of the most mischievous in this country. They give our hon. friends to our left a great deal of advertising. I do not blame them for getting it, but they do get it. Our proceedings in this house might just as well be conducted in secret for all the reports that are carried of them on the radio or in the newspapers. The columnists in the gallery walk out as soon as questions on the orders of the day are over, and let the public know only what they choose to have them know about proceedings here. I do not want to hold up the minister's estimates, because he has been here all day. I am not objecting to my hon. friends to the left always getting the radio and press precedence in the proceedings of the house. No doubt some speeches here about their policies are good, and some not so good.

There is a lot of dissatisfaction with the radio programs and cost of licences and fines. The public do not think they are what they should be. Secondly, we are spending a very large sum of money on radio. I know the minister has not had charge of radio for very long, but I do say that there should be equality of treatment and a schedule of fines for one and all, with equality. I fail to see why a person should be fined $25 in our police courts and practically nothing in some other city with no prosecutions in some. That might have been what an hon. member was referring to yesterday when he spoke of the magistrates' courts. On the whole, though, I have found them fair. There should be a lot of improvements made before we spend all this money on radio.

Mr. KNOWLES: May I say a word in connection with the matter of radio licences? I realize that it is very popular to complain about any tax and that it is similarly unpopular to defend a tax; but it seems to me that this is one tax, if you can call it that, about which there is not much complaint, and to which there should be little objection.

Mr. FRASER: The hon. member must have been asleep.

Mr. MACDONNELL (Muskoka-Ontario): Did you hear the hon. member for St. Paul's?

Mr. KNOWLES: Yes; that is what prompted me to get to my feet; you can blame him for my intervention at this time. The minister caught my interjection that this $2.50 means only five cents a week. I think that is a pretty small amount to pay for the service which we are getting from the C.B.C., and for what the C.B.C. is doing in helping to bring this country closer together, to improve programs and generally add to our cultural development. I was amazed to hear the hon. member for St. Paul's complain about this huge amount of money, $2.50 a year, which amounts to five cents a week. When I went to a show last Saturday I found that, despite the fact that the amusement tax had been taken off by the federal government, it was still being collected by the provincial government of Ontario.

Mr. MACDONNELL (Muskoka-Ontario): For the hospitals.

Mr. KNOWLES: It is being collected by a government which the hon. member for St. Paul's supports. I find that if one goes to the Capitol theatre in the afternoon the ticket costs thirty cents, plus six cents tax. If you go in the evening the ticket costs forty-six cents, plus nine cents tax.

Mr. MACDONNELL (Muskoka-Ontario): I thought you fellows couldn't afford to go to the theatre.

Mr. FRASER: In the afternoons?

Mr. KNOWLES: Saturday. I go so seldom that I had to telephone the theatre just now to find out what these amounts were.

Mr. GIBSON (Comox-Alberni): Buy a liquor licence.

Mr. KNOWLES: I will leave that to my hon. friend who is trying to get the floor. The hon. member for St. Paul's supports the government of the province of Ontario which charges six cents for a two-hour show in the afternoon and nine cents for a two-hour show at night; yet he kicks about five cents a week for a licence for a radio to which you can listen twelve or fourteen hours a day, seven days a week.

Mr. ROSS (St. Paul's): The hon. member who has just spoken forgot my opening remarks. I said there was no justification for this vote. I suggested that a cost of $571,000 to collect $4,000,000 odd was out of the question.

Mr. CHEVRIER: We heard you.

Mr. ROSS (St. Paul's): Yes, I know. I suggested that that was not an economical or a sound way of doing it; that is all. I also mentioned that it was not a fair tax. If the hon. gentleman thinks a cost of eleven per cent is the right way to collect the tax, all I can say is that probably that is C.C.F. policy, but I do not agree with it. I do not think it is right, and I cannot see any principle on which it is based. I cannot see the principle on which the tax is collected. You either license the radio or you license the listener. What are you going to do?

Mr. KNOWLES: All that my hon. friends are trying to do is to harpoon the Canadian Broadcasting Corporation.

Mr. ROSS (St. Paul's): No, I have nothing of the kind in my mind. I think the corporation is doing a wonderful job. I do not mind saying that, but I say there is another way of collecting this tax. There is no harpooning in it. I think this is an extravagant way of collecting money that is to be used for the development of radio, and the hon. gentleman who has just taken his seat knows it.

The DEPUTY CHAIRMAN: Order. I would ask the hon. member for St. Paul's to address the Chair when he rises to speak. I want to be fair to all hon. members.

Mr. CARDIFF: Why is it necessary to subsidize the C.B.C. either by the tax that is collected from the individual as a radio licence fee, or by the government, when independent radio stations are self-sustaining without any assistance?

Mr. FRASER: That is the $64 question.

Mr. CHEVRIER: I am informed the reason is that the C.B.C. have to provide programs which involve a certain cost, and they have no revenue other than this.

Some hon. MEMBERS: Yes, they have.

Mr. FRASER: They have commercials.

Mr. CHEVRIER: They have some commercial revenue, but not enough to meet expenses, and that is one of the reasons why it was decided last year to amend the Canadian Broadcasting Corporation Act, in order to provide for the payment into the consolidated revenue fund of these licence fees, so that the C.B.C. could get the full advantage.

Mr. CARDIFF: Does the C.B.C. not charge any fee for the use of their stations by individuals as private stations do? We have a private station in my own riding. It serves all that section of western Ontario. The operators of that station started out with absolutely nothing. Now it is one of the best radio stations we have in western Ontario.

Mr. CHEVRIER: I am afraid my hon. friend is entering into a field for which I have no responsibility. I am not responsible for the operations of the C.B.C.; the Minister of National Revenue is. There is an item in his estimates, or annexed to his estimates, covering that. I would appreciate it if my hon. friend would direct his question to the Minister of National Revenue.

Mr. GIBSON (Comox-Alberni): I am given to understand that marine radio telephone stations are required to make a deposit of $50 with the Department of Transport. Is that so?

Mr. CHEVRIER: Yes, I am informed that that is correct.

Mr. GIBSON (Comox-Alberni): That is unfortunate. Our fishermen are honest chaps. Most of them who have a radio station on their ships have invested $70,000 or $80,000 in these ships. If they go into the oil dock to get oil it is naturally assumed that the ship is liable for any fee. I wonder whether this is not an unnecessary amount of capital that we are asking our fishermen to tie up when we ask them to make these deposits. I would hardly think it should be necessary. It is a reflection on our maritime fishermen.

Mr. TIMMINS: With respect to this item, it occurs to me this is the proper time to make a protest in connection with the way in which part of the money which we are voting here is spent by the C.B.C. I am not going to take any time on this, but I want to say it seems silly for us to be taking money from the people in radio licences and at the same time pouring it down the drain by a lot of advertising that the C.B.C. carries every day. In the papers in Toronto, and probably throughout the dominion as well, we have an advertisement which is called "Kesten's Corner". It is an advertisement in respect of CJBC. They call it "Better Listening".

Mr. CHEVRIER: May I interrupt the hon. gentleman and say that I have no responsibility for the matter which he is now discussing. This item has to do with radio receiving licences. I am not responsible for the operation of C.B.C. or for the expenditures.

Mr. TIMMINS: I do not want to labour this point. I simply say that to me it is incongruous that on the one hand the Minister of Transport is asking for money in respect of these matters, and on the other hand we, the representatives of the people, can see the money being poured down the drain in a lot of nonsense in respect of radio advertising. I make my protest. This minister may not be able to deal with it, but there is a lot of silly advertising material in the papers with respect to a corporation which is really a monopoly, and it is quite out of order. Somewhere along the line we should make a protest, and I make that protest now.

Mr. COCKERAM: I want to go back to sundries. The minister did not realize that there was one item of $301,120, a sundry item in his estimates. Surely there is an explanation for an item of that size. It is on page 279 of the estimates, in airways and airports.

Mr. CHEVRIER: We have passed airways and airports.

Mr. COCKERAM: But we are talking of these sundry items.

Mr. CHEVRIER: I do not propose to go back to sundries in connection with airports.

Mr. COCKERAM: You were going to just now. I got you in an embarrassing spot on this and you will not answer; that is all.

Mr. CHEVRIER: You may think I am in an embarrassing spot.

Mr. SINCLAIR: Under what item can I find collection of fees for sending and receiving radio stations on ships? I am interested in this matter in connection with fishing boats. Under what item does the $50 deposit come?

Mr. CHEVRIER: I am informed it is under item 517.

Mr. COCKERAM: Will the minister give the details of this item for sundries?

Mr. CHEVRIER: If it is the $301,120 which we have already passed, it has to do with proficiency allowances, telegrams, telephones, travelling expenses and other miscellaneous expenses and, having regard to the fact that the vote covered $11,138,000, proportionately, it is about the same as any other administrative branch.

Mr. COCKERAM: All through these estimates there are items which we vote for telegrams, telephones, printing and so on. Why should they come back in sundries? There is a little extra money that should not be there.

Mr. SHAW: We understand that each year radio licence renewal forms are sent out. I believe there are inspectors constantly at work making a check-up in the various communities throughout the country, with reference to these licences. I find nothing on page 285 making provision for inspectors to carry on this work. How many such persons are there, and where is provision made for them?

Mr. CHEVRIER: Under item 517.

Mr. McMASTER: This is a case where we are spending money for the Canadian Broadcasting Corporation.

Mr. CHEVRIER: No. We are not spending money for the Canadian Broadcasting Corporation. We are collecting licence fees.

Mr. McMASTER: It is done to obtain money for them. It is rather a bonus to them, and what I protest against is this. If you ask the Canadian Broadcasting Corporation for a statement showing how their expenses are made up they give you about four items. One is for talent, which is something over $1,000,000; another is for engineering, also something over $1,000,000, and there are several items which go to make up a sum approximately the same as the amount of the licence fees collected, that is, $4,800,000. We have every reason to object to this item, unless the C.B.C. will give to parliament a detailed statement showing how the money is spent. It is another case where the government hides behind a crown corporation; yet, because of its majority in parliament, asks us to bonus that corporation, and we have no control over their expenses.

Mr. LENNARD: The minister asked for suggestions with regard to collecting the money required for the Canadian Broadcasting Corporation. I have a suggestion which I think would prove satisfactory. Instead of having this nuisance tax, with the trouble and expense entailed in collecting it every year, it might be done away with, and while there might be a period in which the revenue would be slim, I suggest that new radios sold could have a tax put upon them which would be final and there would not be all this fuss that we have seen this afternoon.

Mr. FRASER: The hon. member for York South asked a question regarding sundries and the minister said that sundries covered telephones, telegrams and so on.

Mr. CHEVRIER: That is right.

Mr. FRASER: If that is the case, why do we find, listed above sundries—

Mr. CHEVRIER: I was dealing with the particular item to which reference was made, the $301,000 odd in connection with airports and airways, where there was no provision for telegrams and the like.

Mr. FRASER: What would sundries in these other items cover? That is what the hon. member was asking.

Mr. CHEVRIER: No. He was asking for a breakdown of the other item.

[Mr. Chevrier.]

Mr. COCKERAM: I asked that before you said it was telegrams.

Mr. CHEVRIER: This particular item was passed two hours ago.

Mr. FRASER: Not the item I am asking about.

Mr. CHEVRIER: The item you are asking about was passed two hours ago.

Mr. FRASER: I am asking about the item at the bottom of page 285 of the estimates. It is a small amount, but there is another "sundries", and these are the ones the hon. member was asking about.

Mr. CHEVRIER: I cannot give any other explanation than that which I gave the hon. member for York South some time ago, namely, that it is to take care of expenses which cannot be foreseen when the main estimates are brought down. Another point I attempted to make at the time was that in every corporation and business there is an item covering miscellaneous and sundry expenses and, having regard to the small amount of $7,790 with reference to the entire vote, it is not out of proportion.

Mr. FRASER: I asked if that covered telegrams and telephones—

The DEPUTY CHAIRMAN: It being six o'clock, I now leave the chair.

Mr. KNOWLES: Is the item carried?

Some hon. MEMBERS: No.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

DEPARTMENT OF THE SECRETARY OF STATE

429. Citizenship registration branch, $165,105.

Mr. FLEMING: I should like briefly to discuss one matter and to ask some questions of the Secretary of State, arising out of the appointment last July by the government of a royal commission to inquire into and report upon the claims of persons of Japanese race arising out of their dispossession of lands and personal property at the time of the movement eastward of those people in the hectic days after the Japanese entry into the war.

I do not intend to go back over the long story which was revealed before the public accounts committee during the session of 1947. I merely make this comment on the facts as elicited by that committee, that, making all allowances

for the grave exigencies of the times, the story does not reflect credit upon the administration of the lands and properties of those persons. In most cases those lands were taken from them and sold by the custodian of enemy property, an officer of the government, to another government department at a price which I submit was unwarrantably low and altogether inadequate. That is clearly established by the fact that the price paid by the one government department to the other did not yield more than two-thirds of the assessed valuation; and when some of these properties were valued at a later date it was found that the values established by the officers and committees appointed by the custodian of enemy property were in the aggregate more than twice those established by the other government department, namely the Veterans' Land Act administration, for these properties. In the case of some few which were sold in the open market, the values realized were several times those paid for similar properties by the government department which bought them, namely the Department of Veterans Affairs.

I do not intend to go into that story in greater detail. It was fully covered in the public accounts committee, which submitted a report to this house. In the concluding paragraph of that report, the committee made what I conceive to be an important recommendation. The report of the public accounts committee was tabled in the house on June 17, 1947, and was adopted by the house on motion on June 27. The report will be found set out at pages 536 and 537 of the *Journals of the House* for 1947. The recommendation in the concluding paragraph of the report reads:

> In view of the evidence adduced and in order that more information may be obtained as to the desirability of adjusting any apparent discrimination or loss which may have resulted from the taking over or sale of property of any kind, your committee recommends that a commission be appointed under the provisions of the Inquiries Act to inquire into and report upon the claim of any person of the Japanese race now resident in Canada for alleged loss which resulted from the amount received by him being less than the fair market value of his property at time of sale or loss.

That is the recommendation which was adopted by the house without dissent. I draw attention to the concluding words. The royal commission which was proposed should inquire into and report upon the claim of any person of Japanese race for alleged loss resulting "from the amount received by him being less than the fair market value of his property at time of sale or loss." Some weeks later the government did proceed to appoint a royal commission. That appointment was announced from Ottawa on July 23, 1947. The government appointed as royal commissioner Mr. Justice Henry I. Bird of the British Columbia Supreme Court. In the statement issued by the Secretary of State announcing the appointment of Mr. Justice Bird as royal commissioner, the terms of the commission of inquiry were set forth. In those terms, the commissioner was instructed to report to the governor in council—and these are the words used:

> . . . the claims which, in his opinion, are well founded and the amount which, in his opinion, would fairly and reasonably compensate the claimant for failure of the custodian to exercise reasonable care.

I draw attention to the fact that those terms of reference were very much restricted as compared with those approved by this house on the recommendation of the public accounts committee. They confined the scope of the inquiry to claims arising out of negligence in administration on the part of the custodian of enemy property. That was not a democratic action on the part of the government; and I am sure all hon. members are glad that wiser and more democratic counsels prevailed within the government, because on September 12, 1947, the Minister of Justice announced that the order in council providing for the inquiry into the disposition of the property of persons of the Japanese race had been broadened to meet with suggestions made by the public accounts committee in its report to parliament.

I have looked for that second order in council of September 12, 1947, enlarging and broadening the terms of reference. I have not been able to find it; but I take it that the press dispatch announcing the passing of the order in council was an accurate statement, and that the commission of inquiry was broadened to conform with the precise terms of the recommendation of the public accounts committee, which was unanimously endorsed by this house. In passing, I would ask the Secretary of State to give the committee the terms of the order in council of September 12 enlarging the scope of the inquiry.

I have seen press dispatches of the same date indicating that the task before the royal commissioner, Mr. Justice Bird, in all probability would consume no less than three years. It is a large task, and no doubt involves a detailed review of many claims, each involving proof of perhaps a number of items, many of them no doubt small, and in circumstances such as to render it perhaps difficult today to obtain complete evidence, by reason of the fact that six years have passed since the date of dispossession.

There are some questions hon. members will wish to ask. I for one wish to ask certain

questions of the Secretary of State with reference to the progress being made by the royal commissioner in the heavy task he has assumed. I would ask the Secretary of State if he would be good enough to give a report on the sittings of the commission to date, telling how many claims have been filed, whether the royal commissioner has made any interim report with respect to the claims he has heard, whether any action has been taken by the government on the reports so made, how long the hearings are expected to last, how they are progressing, and other questions of a similar nature.

May I add this in closing, that in acting in conformity with the wishes of the house as expressed on June 27, at the time of the adoption of the report of the committee on public accounts, the government in my opinion has acted properly, although tardily; and it is the hope of many of us that even at this late date justice will be done to those who suffered from a situation which no doubt can be attributed directly to the exigencies of the war, but the impact of which, many of us think, fell unfairly and in a discriminatory manner upon these unfortunate persons of the Japanese race.

I do not wish to open any old wounds. However, at this time I think all hon. members will wish to concentrate on seeing that, so far as possible, at this late date, full efforts are made to redress the property losses which these persons, residents of Canada, sustained in those trying days.

Hon. COLIN GIBSON (Secretary of State): To answer this question, I would say that the commission which was appointed comes under the jurisdiction of the Minister of Justice. However I shall secure a copy of the terms of reference as extended by the order in council of September 12, 1947, and see that it is tabled. I understand that in the neighbourhood of 1,800 claims have been filed, that the commissioner has held hearings in Vancouver and throughout the western provinces, that he has completed his hearings in Toronto and is at present completing them in Montreal. I understand that he will be returning to the west and will hold further hearings upon reaching Vancouver.

In the meantime, other judges have been appointed with power to hear evidence, so that the commission may be completed at as early a day as possible. I understand that up to the present no interim report has been filed.

Mr. MacINNIS: I should like to say a few words at this time; and in doing so—

[Mr. Fleming.]

The DEPUTY CHAIRMAN: We are on item 429, citizenship registration branch.

Mr. MacINNIS: Yes. I thank the hon. member for Eglinton for mentioning this matter and dealing with it in the manner in which he has. I thought of rising myself, but I was not sure whether it would be proper to do so, while the lost property is subject to inquiry by the royal commissioner.

I have a large number of cases which, on the surface, appear to show that a tremendous injustice has been done to many of these people. As a matter of fact, injustice has been done to them, apart from their loss of property. There has been, however, that injustice in the matter of property. I appreciate that it will be difficult to give those claims their proper value, because one has to keep in mind the accretion of property values from the time these people were moved from the Pacific coast to the present.

There can be no point in emphasizing the matter further at this time, but I hope the royal commission will keep in mind not only the value of the property itself and that there will be adequate recompense in that regard, but also the injustice that has been done to these people by uprooting them and scattering them throughout the country in the way it was done.

Mr. HARRIS (Danforth): Mr. Chairman, I have in the back of my mind a profound respect for our approach to problems of this kind with regard to the civilization which you, sir, and I, and all of us in Canada enjoy under our present standards. But when my hon. friend rises in his place and uses an expression of the magnitude of "tremendous injustice," when speaking of those people who, while residents of Canada, are not necessarily citizens of this country, I have cause to wonder. These people perhaps feel today, and looking back over the last two or three years hold the view that, as the hon. member for Vancouver East has said, they have been uprooted, and cast here and there.

This was the uprooting of a few citizens of Japanese origin who were placed in other parts of Canada because we were worried about their proximity to a coastline nearest to their mother country. We thought, in our wisdom, that it was necessary to transplant them—and I use that word for the lack of a better one—or to put them somewhere, so that, geographically, they might not be in a position to act as their hearts might dictate or in a way which might be to the advantage of the race from which they sprang, the land beyond, whence they came.

We have to ask ourselves whether we were not justified in transplanting them at some point removed from the district in which they might be of some assistance to their fellows in their homeland of Japan, thus preventing them from acting in a manner which would be detrimental to those of us who call ourselves Canadians.

I do not think it was a great sacrifice to transfer them from one point to another in this wonderful land of Canada, thus in turn removing them from the temptation of yielding to inclinations which they might have in their minds and hearts, that of being of some assistance to their native land.

I do not think they had to sacrifice much or were greatly embarrassed. I do not think this "tremendous injustice" was quite so tremendous, when I remember what was happening about that time. It was my high privilege in 1944 to be "down under" in Australia when I had the honour of listening for some two hours and a half to General MacArthur's deposition as to what happened when he found himself brushed out or transferred from the Philippines along with a lot of other United States citizens and citizens of other countries. But many were left there to suffer at the hands of the Japanese and the Filipinos in that particular geographical section.

I could not avoid thinking of those who had been left there in that year 1944, because I am one, among other highly privileged citizens, who has passed through his hands in the last two decades close to 1,000 nursing sisters who graduated from the hospital services under a board of which I had the honour to be chairman. General MacArthur got out of the Philippines, but he left behind many of those nursing graduates. They were dear souls, upon many of whom I had had the privilege of pinning that little graduation pin. I could not avoid thinking of those ambitious women who had been left in the Philippines when everyone else had gone.

I think of what happened or what might have happened to those young women who, in the service to humanity, had signed their names to that particular nursing service. Then, in this chamber tonight I had to listen to the hon. member for Vancouver East—I marked his words down—saying that tremendous injustice had been done to the men and women of the Japanese race through being transferred from one part of Canada to another. This has been done under the jurisdiction of the Secretary of State. How are we to compare this injustice, which is called "tremendous" by the hon. member, with the injustice done by our friends of Japan to these innocent young women of the nursing profession who unfortunately found themselves in Japan and in the Philippines when our friends of the United States boarded steamships and pulled away and left them?

For two and a half hours I interviewed these men who had got away from the Philippines, but during those two and a half hours I thought not of what General MacArthur had to say to those who were privileged to be there—I call the hon. member for Vancouver East as a witness because he sat in the same room—but only of those young women who had been left behind. Yet we hear the hon. member saying that a tremendous injustice has been done to the Japanese through being re-established. I ask him to rise in his place and tell this honourable chamber of those tremendous injustices. He was there in 1944 and he heard the evidence of General MacArthur when we were in Australia. I ask him to state whether or not this Canada of ours has not been abundantly fair to that other part of civilization known as the Japanese race.

Mr. KNOWLES: I rise to a point of order.

An hon. MEMBER: Sit down.

Mr. HARRIS (Danforth): When you compare what occurred there with what took place—

Mr. KNOWLES: I rise to a point of order.

Mr. HARRIS (Danforth): —during the evacuation of the Philippines—

Mr. KNOWLES: As one who would like to reply to this, may I point out that it is wholly out of order on this item.

Mr. CARDIFF: Are you running this committee?

The DEPUTY CHAIRMAN: The item before the committee is the citizenship registration branch. The hon. member for Eglinton asked permission to ask some questions about the commission which was established to inquire into sales of Japanese property, which questions should have been asked on the administration item. The hon. member for Winnipeg North Centre is quite right; we should not deal with this matter under the item before the committee.

Mr. HARRIS (Danforth): I realize your difficulty, Mr. Chairman, and I realize the difficulty my hon. friend is faced with in trying to bring his mind into position, so that he can deal with a subject which has been greatly enlarged since it was first entered upon.

Mr. KNOWLES: I rise to a question of privilege. This committee knows that none in

this group is afraid to deal with this question. The point of order I raised was raised solely as a point of order. I submit that this subject is out of order on this item. I think you were generous, Mr. Chairman, and properly so, in letting the hon. member for Eglinton ask the question which he did and to which he got an answer, but I do not think we should take all night discussing a matter that is not really relevant to the item before the committee.

Mr. GIBSON (Hamilton West): When we were on this item last night the hon. member for Eglinton came into the chamber after having been at a committee meeting. He got here just after the first item was passed. He asked if he could speak, and I informed him that I would be glad to answer any question that he brought up which he had not had an opportunity of bringing up earlier in the evening. However I do not think we should enter into a general discussion on this item.

Mr. HARRIS (Danforth): I quite realize the minister's position. My only question of privilege is to be permitted to reply to two words which emanated from one section of our organization, namely, "tremendous injustice" to the Japanese race. Perhaps, Mr. Chairman, the best thing would be to let those who have occasion to listen or to read draw their own conclusions, and I include you, sir, and every member of this honourable chamber, and more particularly the minister who is piloting these estimates. Tremendous injustices? Just read the record and draw your own conclusions, and I shall be content with the considered judgment of all those who can read.

Mr. ROSS (St. Paul's): A Canadian woman who marries an alien loses her Canadian citizenship. What process has she to go through to get back her Canadian citizenship?

Mr. GIBSON (Hamilton West): Under the new Citizenship Act a Canadian woman who marries an alien no longer loses her status as a Canadian.

Mr. ROSS (St. Paul's): She does not lose her Canadian citizenship if she marries an alien?

Mr. GIBSON (Hamilton West): No.

Mr. COCKERAM: The minister told us the other day that 15,000 citizenship certificates were issued last year. Is that correct? While the minister is looking that up, I notice that we paid close to $200,000 in salaries for the issuance of these 15,000 certificates. That is quite a large sum for 15,000 certificates. Would the minister explain why this great expense is incurred in issuing these certificates? This item deals with the citizenship registration branch. Further on, there is another item dealing with the citizenship branch. Why are these two items separate?

Mr. GIBSON (Hamilton West): They are two entirely separate branches. The registration branch was formerly the naturalization branch. It makes all the investigations that are necessary of those who apply for citizenship. A great deal of work is involved in going through the records of all those who file their applications. The branch has a great deal of correspondence. Last year, for instance, we had 125,000 items of correspondence alone in that department.

Reference has been made to the amount of money expended. This year we are asking for $165,000, of which $10,000 is to microfilm a lot of old records. A great deal of space has been taken up by maintaining files of all those who have been naturalized, and it has been found that a great saving of space can be made by microfilming the important documents and destroying the others.

Mr. COCKERAM: I take it that the estimate we are now discussing is for citizenship registration?

Mr. GIBSON (Hamilton West): Yes, that is right.

Mr. COCKERAM: I notice that there are twenty-one permanent employees. How many temporary employees are there in this branch?

Mr. GIBSON (Hamilton West): There are eighty-five employees altogether, twenty-one of whom are permanent.

Mr. COCKERAM: In other words, the temporary employees are receiving twice the amount in salaries that the permanent employees receive.

Mr. GIBSON (Hamilton West): The temporary employees are receiving $83,000, and the permanent employees, $42,000.

Mr. COCKERAM: Just about twice the amount.

Mr. GIBSON (Hamilton West): Yes.

Mr. COCKERAM: In view of the fact that many applicants have now received their papers, why are so many temporary employees needed? Are you going to clean out the temporaries?

Mr. GIBSON (Hamilton West): It is not a case of having employees who are filling positions which are temporary. The positions will probably be there forever. During the war we did not make employees permanent, because we were reserving the positions for those who came back from overseas. Until the civil service commission has had an opportunity of going

through each department and deciding how many positions should be permanent and how many temporary, we are not able to make permanent appointments of some of those who have been acting as temporary employees. We have at present only twenty-one permanent employees, but later on I hope that we shall have an establishment providing for a higher number of permanent employees. In that case some of those who have had overseas service will be eligible for permanent appointment.

Mr. COCKERAM: How many citizenship papers were issued last year?

Mr. GIBSON (Hamilton West): The certificates issued by that branch numbered 25,691.

Mr. HARRIS (Danforth): Surely the minister did not mean that some of these positions would be retained forever. Will the service not gradually grow less and less?

Mr. GIBSON (Hamilton West): Not if we bring more immigrants into this country. We hope that a great many of them will apply for citizenship.

Mr. HARRIS (Danforth): Will the minister withdraw "forever"?

Mr. GIBSON (Hamilton West): I will say indefinitely.

Mr. ROSS (St. Paul's): Are the temporary employees all appointed through the civil service commission?

Mr. GIBSON (Hamilton West): Yes, all of them.

Mr. COCKERAM: What percentage of them are returned men?

Mr. GIBSON (Hamilton West): A good many of them are, of course, female clerks.

Mr. ROSS (St. Paul's): The minister said a while ago that a Canadian woman who marries an alien does not lose her Canadian citizenship. How long has that been the case? I think there must have been an amendment to the Citizenship Act.

Mr. GIBSON (Hamilton West): Since the new Citizenship Act came into operation on January 1, 1947.

Mr. ROSS (St. Paul's): I have in my riding a Canadian woman who has lived in Canada all her life. She married an alien and was told that she would have to become naturalized herself to regain her Canadian citizenship.

Mr. GIBSON (Hamilton West): If she married before January 1, 1947, she would have lost her Canadian citizenship and would have to apply again.

Mr. ROSS (St. Paul's): Could not an amendment be made to the act to make its application retroactive, so that people who are in the position of this woman would not have to go through the whole process of getting citizenship papers?

Mr. GIBSON (Hamilton West): That proposal has been made. I did not intend to bring in any amendments to the Citizenship Act this session. In Great Britain they are making the provision that those who lost their citizenship through marriage prior to their new citizenship act will be granted British citizenship automatically if they wish to have it. If we bring in an amendment to our Citizenship Act next session consideration will be given to bringing in a similar amendment.

Mr. ROSS (St. Paul's): All it needs is a slight amendment to the act. These people are in the position now, and they have to remain that way for another year or so. It is quite important that the amendment should be made. I do not think it would be a serious matter to have it fixed up.

Mr. CHURCH: I want to say a word on this particular vote. I fail to see why we should have in the estimates two items dealing with registration of citizenship and the citizenship branch. The county court judges have handled this very well since confederation. I fail to see why the government has gone into all this brass-band way of introducing citizenship, and other things. I fail to see any sign of retrenchment in the estimates which the taxpayers back in the constituencies are expecting. Years ago the civil estimates consisted of several million dollars; now they are two billion dollars. How are we to pay for it? The result of this policy was shown in the elections in Ontario the other day. I would far rather see the old system in effect. A great many people do not want to attend these functions where they have orchestras, banquets and all that kind of thing. In my opinion it is unnecessary to become a citizen in that way.

My second point is this. Everybody is desirous of getting away by the end of next week, or by the 25th at the latest. If the government proposes any change in the elections act I think it will be invalid. It is against the constitution to do that without consulting the provinces, especially to substitute proportional voting. On the ballot there will be a list of seven names, and you start crossing them off. I would cross them all off. I would not like to vote for any one of the seven. You start off with first place to one, second place to another, and all that kind of thing.

The CHAIRMAN: Order.

Mr. CHURCH: That is all I have to say about the minister's estimates. I will tell the government that if they want to close up by the time they have proposed they had better drop some of this legislation.

Mr. GIBSON (Hamilton West): The hon. member for St. Paul's asked why it was not considered advisable to bring in that amendment at once. Naturalization laws have been similar throughout the commonwealth, and I think it is desirable to keep them that way so far as possible. A change has not yet been made in Great Britain. I do not know whether it has yet been made in any of the other dominions; I understand not. Consequently we would be well advised to wait and see what they do in Great Britain before we make any change in our existing act.

Mr. ROSS (St. Paul's): The example I have in mind is that of a woman who married a man before 1947. In the meantime the man became a Canadian citizen. She is still an alien. She was a Canadian before she married.

Mr. MACDONNELL (Muskoka-Ontario): I want to ask the minister a question with reference to the statement he made a few minutes ago, in which he pointed out that when a Canadian woman marries a foreigner she does not lose her Canadian citizenship. That would mean, I take it, subject to the laws of other countries, that she may be a citizen of Canada and of another country as well.

Mr. GIBSON (Hamilton West): Yes, that is correct.

Mr. MACDONNELL (Muskoka-Ontario): As a matter of interest, could that be any embarrassment? Are there any cases where double citizenship has been created?

Mr. GIBSON (Hamilton West): If the woman wants to adopt the citizenship of her husband or his nationality she can, of course, renounce her Canadian citizenship. She has the right to do that if she wishes. If she wishes to retain her Canadian citizenship she is entitled to do so. There are numerous countries in which there is dual nationality. While it does cause embarrassment on occasions, yet we feel that when a woman gets married she should be permitted to retain her citizenship if she wishes to do so.

Mr. MACDONNELL (Muskoka-Ontario): If we ever have military conscription for women it would be awkward if they were conscripted for two armies.

Mr. COCKERAM: We examine these estimates with the idea of trying to save some money for the taxpayers of this country.

[The Chairman.]

I am wondering why items 429 and 434 could not be combined and a general saving made, because in both of these items there are excessive sums for temporary assistance. They both have printing and stationery, and so on. If our object is to try to cut down expenses there should be some amalgamation of departments of government so that this money could be saved.

Mr. GIBSON (Hamilton West): That suggestion is prompted only by the fact that the two names are somewhat the same. The work of the two divisions is entirely separate. The citizenship branch is the one in charge of looking after the people who come to this country, assisting them to become good Canadians. For example, we know the communists are hard at work in this country trying to bring pressure to bear on newcomers to Canada. In the past we have not had any organization to train our people to be good citizens. Education comes under the jurisdiction of the provinces; consequently there is some difficulty in working out programs for the benefit of those new arrivals in Canada. We now have a Canadian citizenship council which is endeavouring to co-ordinate the work of the provinces, of the dominion, and of the welfare organizations throughout this country. The citizenship branch works with the council by keeping in touch with the various ethnic groups in this country. It is having a marked effect, and is able to provide literature to assist newcomers to this country to understand what it means to be a Canadian citizen, and what obligations as well as responsibilities they undertake.

Mr. COCKERAM: What I have in mind is this. The two departments are handling practically the same thing, so far as I can see. The minister says there is some difference. The minister said that 25,000 naturalization papers were issued last year. The other day he said that 15,000 citizenship certificates had been issued. If these two branches were amalgamated the money saved could be spent on education of newcomers to this country. It seems to me that is where we should spend the money, so that the newcomers may be absorbed into the country as we would like them to be. There is no excuse for having two separate departments dealing with the one subject.

Mr. REID: When the new Citizenship Act was passed, and while it was being discussed in the house, we were informed that all those persons, especially those from the old country who had been in Canada for five or more years prior to the time the act came into force, would be Canadian citizens. I remem-

ber asking the question whether that citizenship would be recognized by the United States. Instances have been brought to my attention where residents of this country for many long years before the Citizenship Act was passed have had difficulties with United States authorities when they were asked their nationality. When they said they were Canadians the United States authorities asked in what country they were born. Some said England; some said Scotland and some said Ireland. It was drawn to my attention that in one or two instances the United States authorities would not accept the statements made by these persons that they were Canadian citizens, although they had lived here for five, ten, fifteen or twenty years. My question to the minister is this. Will the United States authorities recognize to the fullest extent our new Citizenship Act, without those who are challenged producing papers?

Mr. GIBSON (Hamilton West): We may say that the United States authorities may recognize that a person going into that country is a Canadian citizen, but for the person entering the country in some cases that unfortunately is not the criterion which is adopted in the United States. The criterion they adopt is where he was born, irrespective of the country to which he happens to belong at the present time, and there is nothing in our law that can make the United States adopt any other attitude.

Mr. REID: Would that embarrassing situation be obviated were each one to obtain a certificate? Would that certificate be recognized?

Mr. GIBSON (Hamilton West): It would not have any effect.

Mr. FRASER: A foreign-born woman coming to Canada marries a Canadian citizen. After she is here for a year she can make application for citizenship, and three months afterwards she becomes a Canadian citizen?

Mr. GIBSON (Hamilton West): Yes.

Mr. FRASER: That is a foreign-born woman. Suppose a British subject comes to Canada and marries a Canadian citizen. Does she get citizenship papers sooner?

Mr. GIBSON (Hamilton West): They get it in the same way.

Mr. FRASER: It takes fifteen months for them anyway.

Mr. GIBSON (Hamilton West): It takes a year and whatever length of time the court takes after that. The minimum is a year.

Mr. FRASER: It does not matter whether she is a British subject or foreign born?

Mr. GIBSON (Hamilton West): No.

Mr. FRASER: In neither case do they need to file intention to make application?

Mr. GIBSON (Hamilton West): That is right.

Mr. McMASTER: As I recall it, when the Citizenship Act was brought into force, the then secretary of state went around and did a lot of work in the way of instructing newcomers to Canada. I wonder, since he has given up the position, how many temporary employees have been taken on to do the work he did before.

Mr. FRASER: The then Secretary of State (Mr. Martin) did that.

Mr. ROSS (St. Paul's): The minister said that no change would be made in the act to take care of the situation I mentioned, for the reason that it was desirable to have the law uniform in the commonwealth. Can he give me any particular reason why the situation I have indicated is not different in Canada from that in any other member of the commonwealth? His reasoning does not appeal to me.

Mr. GIBSON (Hamilton West): The act has been in operation for only slightly over a year. It was realized when it was introduced that it would be necessary to make amendments, but I did not consider it advisable to bring in piecemeal amendments until we had an opportunity to find out how it has been working. It is not intended to amend the act this session.

Mr. ROSS (St. Paul's): There is another point. Some of these people who married aliens in days gone by did not know they would lose their Canadian citizenship and they are faced with that situation. It is a pity that something cannot be done about it. The minister's reasoning with reference to other members of the commonwealth does not appeal to me. I do not see why something could not be done in this direction.

Mr. HLYNKA: It is usual for members of parliament and, I presume, for other persons to complain when something goes wrong in any department, but when everything goes well and officials deserve credit I believe we are all inclined to overlook the good points about these men and we refrain from saying anything in praise of them.

I wish to take this opportunity, therefore, to mention something favourable. I deal a lot with the Canadian citizenship registration

branch and also with the Canadian citizenship branch, and I may say that the heads of both these branches are doing excellent work for Canada, in the interests of this nation. I would first mention Mr. J. E. Duggan, head of the citizenship registration branch, who is efficient, well-informed and courteous and who is doing a splendid job in his position. His officials and staff are doing likewise.

The head of the citizenship branch, which has to do with education, preparing our newcomers and other persons for citizenship, is Mr. Frank Foulds, about whom I should also like to say a word. In what I say about him I associate his staff. These men and women are really doing a very good job, also in the interests of Canada, and I congratulate the minister and his predecessor, the present Minister of National Health and Welfare, on having organized this department on the basis on which it now functions.

The only criticism I have to offer is that the government has not seen fit to put up a building in which these offices would be located. It seems to me that we have reached the time that we must find better quarters for these important branches. These persons are working in cubbyholes, and that is not good enough. I leave that thought with the government, in the hope that they will get busy as soon as possible and erect proper buildings so as to enable these men and women in the two branches I have mentioned to do their work under the best conditions.

Mr. ZAPLITNY: Last January there was an interesting conference in Montreal at which the Secretary of State was present. It was called by the Canadian citizenship council in collaboration with the Canadian association for adult education, and in that conference participated not only government officials but representatives of voluntary organizations who are interested in the problem of immigrants and prospective new citizens. There were also present representatives of labour organizations and industry. I will not repeat the excellent expressions of opinion we heard there, because the minister himself was present and gave a fine address at a dinner we had, and he is therefore familiar with the situation.

I should like to find out to what extent the recommendations made by the conference have been carried into effect up to this day. I have a copy of the report, as no doubt the minister has, setting out certain recommendations arrived at by the conference, which recommendations were originally suggested by various sections of the conference in panels. In connection with the allocation of responsibility, the committee which had to do with that subject suggested that the conference be called at the earliest possible day, on the initiative of the federal government and in collaboration with the provincial and municipal authorities, in order to sift over and allocate responsibility for the various services required by new arrivals in this country.

There are certain difficulties to be ironed out, for example hospitalization in some cases, needy widows' allowances, and various other services which ordinarily may fall within the jurisdiction of the province or the municipality. Because immigrants coming to this country are under the jurisdiction of the federal government in the first instance, some of the provinces and municipalities feel that this government should assume some of the initial responsibility, at least, for these services, until these people become fully resident in this country.

Another recommendation passed by this conference, I think unanimously, was in connection with the family allowance. I realize that the actual administration of the family allowance comes under another department; but, since the recommendation was made by this conference, I am sure the minister will have some representations to make—or he may have made them—to the Minister of National Health and Welfare. The Family Allowances Act provides, for example, that a person must live in this country for three years before becoming eligible. This conference pointed out that a certain amount of hardship results from this requirement. This is the argument of the committee which dealt with that matter, if I may put it on the record:

> Family allowances are not paid to newcomers in Canada until they have resided in the country for three years. The new arrival is operating with additional handicaps at best. It seemed to the group unfortunate that the children of newcomers should suffer the further handicap of being denied the benefits family allowances could give them, particularly in view of the fact that normally their parents would be earning their lowest income at the beginning of their residence in Canada. The greatest need for family allowances is precisely during the period after arrival. It was distinctly unfortunate that these children should receive this additional handicap for three years.

Later on, a recommendation was made in definite words, to this effect:

> That the Department of Health and Welfare be asked to modify the three-year resident provisions of the Family Allowances Act and its regulations so that the children of new arrivals to Canada will receive the benefits before three years.

A couple of weeks ago I happened to be in the Okanagan valley, where I met a gentleman who had just arrived from South Africa.

He had brought with him his wife and six children, and told me it cost him more than $3,000 to make the trip. He was greatly disappointed to find that, in spite of being a British subject and in spite of having given up certain services in his own country, his family were not eligible for the family allowance in this country, and he felt something should be done about the matter. That may be just one case, but probably it could be multiplied by many thousands.

I am not going to pursue this point further, because I realize that the administration of that act comes under another department. But this conference, which was quite representative, passed a recommendation asking this department to request the Department of National Health and Welfare to make a change at some time in the near future, and I hope the minister will take that into consideration.

I want now to say just a word about some of the other work done at this conference, which I thought was of great importance and of a very high character. Recommendations were made in connection with naturalization and the pre-naturalization education that should be given newcomers to this country. I hope the department is taking full advantage of the views expressed at this conference and the excellent recommendations made; because, as one who, in the past, has taken some part in the education of new immigrants to this country, I can say to the minister that many of the handicaps I experienced at that time would be overcome if the recommendations of this conference were accepted by the citizenship branch, and adequate financial provision were made to carry through a program of education.

I also want to add a word to what was said by the hon. member who preceded me, with respect to the citizenship council and the citizenship branch. I have in my hand a number of pamphlets published by various agencies, all of which are available either from the Canadian citizenship council, which has its headquarters here in Ottawa at 166 Marlborough avenue—and I am putting that on record in case someone wants to look it up later—or at the citizenship branch of the Department of the Secretary of State. For example, I have in my hand one entitled, "Everyman's Guide to Canada's Parliament." It is not a very large publication, but I recommend it to all hon. members, so that we may see ourselves as others see us. It will enable them to get a bird's-eye view of how we are seen in this house. Another one is entitled, "How to become a Canadian citizen," and is published by the Canadian citizenship branch. It is also an excellent booklet which should be widely distributed and which people should be encouraged to read. I have here another one called, "Our Canadian Government," which is also available through the Canadian citizenship council or the Canadian citizenship branch; and a fourth one entitled "'Citizenship; the Teacher's Problem."

Just here I should like to say that in many of the rural areas of Canada much of the work of providing the elementary or primary education for new arrivals will fall upon the shoulders of rural teachers, who will have to do that work after their regular duties are finished. That is so, because in those areas they have not the facilities which are provided in larger centres through either voluntary organizations or government branches. So I would urge the minister, in co-operation with the various provincial departments of education, to provide every possible facility and encouragement, in the way of both finances and available material, for these schoolteachers, who do a valuable job in the evenings after their day's work is through, and who are contributing a great deal to the future citizens of our country.

Mr. McLURE: There has been a good deal of discussion concerning the employees of this department. Before asking the question I have in mind, I should like to direct the minister's attention to the fact that the estimates for his department amount to a total of $1,437,521, of which almost 50 per cent—to be exact I think it is 43 per cent—or $591,297 is required for temporary assistance. I should like to know from the minister how many of those temporary employees are engaged by the year and how many are just here today and gone tomorrow. I should like to know also how many temporary employees are drawing this amount of money, which accounts for some 43 per cent of the total vote for his department.

Mr. GIBSON (Hamilton West): These employees are all paid by the year, and the actual numbers I can give as we come to each branch. In the printing bureau, for example, many employees are on prevailing rates. Those in the other branches are on salaries set by the civil service commission for the various grades they occupy; that is, they are clerks, grade 1, grade 2, grade 3 and so on. While the employee is temporary, the position is there and it remains temporary only until the civil service commission goes over the establishment and decides how many of the positions should become permanent and how many should remain temporary.

Mr. McLURE: Are they appointed by the civil service commission even if they are temporary?

Mr. GIBSON (Hamilton West): All are appointed by the civil service commission.

Mr. COCKERAM: What is the salary of the highest paid official on the temporary staff, and how long has that employee been with the department?

Mr. GIBSON (Hamilton West): That is difficult to find out on a moment's notice. I can find it out; but the hon. member must realize that we have the estimates here of a great number of divisions; consequently we would have to go through each of these to find out which is the highest paid. However, I could get that information and give it to the hon member.

Mr. COCKERAM: I want to know the salary of the highest paid official in the one class we are now dealing with, and how long he has been a temporary employee in that one branch.

Mr. GIBSON (Hamilton West): I have not the exact figure, but it would be about a grade 2, drawing about $1,800.

Mr. COCKERAM: That is the highest paid official on the temporary staff.

Mr. GIBSON (Hamilton West): Yes, on the temporary staff.

Item agreed to.

432. Bureau for translations, $572,145.

Mr. FRASER: What is the reason for this increase? Is it salaries or extra work?

Mr. GIBSON (Hamilton West): This is because of additional translators being required for departments which had not formerly been serviced by the translations bureau. I refer to the Department of External Affairs, the civil service commission, the bureau of statistics and the treasury branch. The translators there required are now being supplied by the translations bureau.

Mr. FRASER: Does the minister mean that this branch does it for them?

Mr. GIBSON (Hamilton West): We supply translators for them.

Mr. FRASER: Before this time they had their own, did they?

Mr. GIBSON (Hamilton West): Yes, on their own staff.

Item agreed to.

[Mr. Gibson (Hamilton West).]

Patent and copyright office—

435. Administration division, $42,353.

Mr. FLEMING: In the 1947 session the patent office received more attention than it had received in many previous sessions, and I suggest it was well that it did. This interest arose in the first instance in connection with a bill the government introduced, proposing certain extensive amendments to the Patent Act. The bill was referred to the committee on banking and commerce; and that committee, seized of the importance of studying the conditions in the patent office, recommended to the house that it should be empowered to inquire into the administration of the patent office in regard to staff, office space, equipment and the like, and to report to the house in relation thereto. That report was submitted to the house on March 4, 1947, and was adopted the same day.

An extensive study of conditions in the patent office was carried out by the committee on banking and commerce. The facilities available to the patent commissioner and his staff were studied at first hand by a subcommittee of the committee on banking and commerce, with the result that an extensive report covering the studies of the banking and commerce committee and its subcommittee was tabled in the house on July 15, 1947. No motion was made for the adoption of the report. The committee will recall that that was only two days before prorogation. Although not adopted by the house, the report nevertheless has behind it the full authority of the committee on banking and commerce, following an intensive study.

The first fact that should be remembered in any approach to the question of the adequacy or inadequacy of the staff and facilities of the patent office is this, that the patent office is a money-maker for the government. It should not be thought that this office is a bill of expense to the taxpayer. While the committee is called upon to vote certain appropriations for the patent office, nevertheless over a long period of years the fees earned through that office have considerably exceeded government expenditures in respect thereto.

In the banking and commerce committee a year ago the figures for the ten years from 1936 to 1946 were tabled. Those figures are to be found at page 13 of the proceedings of the committee for 1947. I shall not trouble the committee by going into the figures in detail, but I shall place on record the aggregate results of those ten years of operation.

The expenditures in connection with the administration of the patent office in that ten-year period aggregated $2,048,000 in round

figures, whereas the fees earned through the patent office aggregated $3,525,000. Thus in the ten-year period I have mentioned the patent office earned for the government a net revenue of $1,500,000. The sum of $3,525,000 received in the ten-year period, together with the additional sums paid in fees in the two and a half years since, were paid by persons doing business with that office, who, in return for the payment of fees, are entitled to expect prompt and efficient service.

I wish to make it as clear as I possibly can, here and now, that I believe the commissioner of patents and his staff are rendering as efficient service as it is possible for them to render under present conditions. I believe the commissioner of patents has rendered great service, and is an able official; and I am sorry that on him has fallen the brunt of the problem of functioning or trying to make his office function under great difficulties and handicaps. These are handicaps, not only of inadequate space, but also of inadequate staff. One of the reasons the staff is inadequate is that the space is inadequate, and there has not been space enough to accommodate a staff adequate to meet the needs of the office.

The committee's report is found in the *Journals of the House* for the 1947 session, at pages 910 to 915, and that report demonstrates the situation clearly. It sets out a condition which, in my opinion, cannot be permitted to continue. In brief, at that time the patent office was three years in arrears with its work. The backlog of applications uncompleted was over 31,000, which represents between two and a half and three years work of the patent Office. At that time the office could not keep abreast of current work. The situation in regard to staff was serious, because salaries paid at the prevailing scale were inadequate to attract personnel having the necessary technical qualifications. The office of the commissioner of patents had suffered a serious and substantial loss of personnel during the war, particularly technical personnel. I need not tell the committee that personnel of that kind is difficult to obtain in times like these. When private industry is offering substantially greater rewards to personnel possessed of the qualifications of which a patent examiner must be possessed, it is obvious that the patent office cannot, under present circumstances, expect to retain its personnel, let alone recruit additional necessary staff, unless it is prepared to offer adequate remuneration for the purpose.

After a study of the situation, it was the view of the banking and commerce committee that the salary scale obtaining at the patent office was quite inadequate to attract the additional personnel required. Some headway has been made, because the commissioner was able to report to the banking and commerce committee a year ago that he had recently been able to recruit some additional personnel, both technical and non-technical, but the situation with respect to adequacy of staff as described to the banking and commerce committee still exists.

The problem of inadequacy of staff was closely related to the problem of inadequate accommodation. The fact of the matter is that, even if the commissioner had been able to enlist the additional technical personnel needed at that time, he would not have had any place in which to put them. It was an extraordinary situation. These trained examiners were working two or three to an office, sometimes quite a small office, under conditions which greatly impeded the efficiency of their operations. Valuable records were stored under conditions which made it very difficult to have access to them. There was a crying need for additional accommodation.

I hope I am a reasonable person. I do not expect the government to create buildings out of thin air. I do not expect them to be able to bring into existence overnight, building accommodation when there is a considerable scarcity of it in Ottawa. Nevertheless the situation that existed a year ago was most serious. The public dealing with the patent office was not receiving the service they should have received. I submit that this problem is entitled to a position of leading priority among the government projects for the post-war period.

Again I emphasize that the office of the commissioner of patents is a money-maker. Canadians and others making application to the patent office are entitled to receive service commensurate with the fees they are paying. It is quite unfair that the government should continue to derive a substantial net profit from the operations of this office and not give the service to which those paying the fees are entitled.

The situation was advanced a stage further by the legislation which parliament enacted at the 1947 session. I think the Secretary of State will be the first to admit that the banking and commerce committee did a most useful service last year in connection with the revision of the Patent Act. The amendments which were introduced in the house and referred to the committee were carefully reviewed. Many changes were made and further amendments in the Patent Act were introduced. I think it is generally conceded that

the result was a much more workable Patent Act than was the case before the 1947 legislation came into effect.

But there is one curious result. The increase in fees was enacted by parliament on the assumption that the patent office would be equipped to give improved service. Section 19 of the bill which was adopted last year introduced into the act a new section 17 which had the effect of increasing practically the entire scale of fees. The note to that section of the bill read as follows:

The purpose of this amendment is to secure revenue from which to defray expenses involved in the printing of specifications and drawings of patents, as provided for in section 25 of the principal act.

It is a matter of record that at that time there were not in the patent office facilities for the printing of specifications and patents. When compared with the patent office in Washington and patent offices in other countries, that was a serious shortcoming. The committee concerned itself at some length with the printing of specifications and drawings, and in its report to the house it made recommendations with respect thereto.

I think at this stage I might read the three recommendations with which the committee concluded its report, and which are to be found on pages 913 and 914 of the *Journals* of 1947.

They read as follows:

Staff: Attached to this report is an appendix showing the minimum staff which should be supplied to the patent office, and your sub-committee recommends that this staff should be supplied at the earliest possible date.

The appendix proposed a substantial increase in the number of employees in the patent office. The next recommendation reads:

Office space: Attached to this report is an appendix showing the amount of office space, storage space, et cetera, required by the patent office, and your sub-committee recommends that when the government is expanding its building program for the housing of government departments, suitable space both as to size and of fireproof construction, should be made available to the patent office.

I observe here that the reference to the subcommittee is to the subcommittee of the banking and commerce committee. Its report was adopted by the banking and commerce committee. The appendix shows that not less than 109,590 square feet of floor space is required. The third recommendation reads:

Printing of patents: Your sub-committee recommends that a printing plant by the offset process should be installed in the patent office for the printing of patents, specifications, claims and drawings, and that the necessary staff be employed to operate the same at the earliest possible date.

May I say that the committee considered the cost of printing specifications and drawings. It had before it a report from the king's printer, indicating that the cost would be substantial. It also had a report indicating that if the offset process were used the cost of printing could be materially reduced; in fact it would be only a fraction of what it would cost if it were done in the office of the king's printer. That was the reason why the recommendation was made that facilities be provided in the patent office for the printing of specifications and drawings by the offset process.

We had, therefore, a situation where parliament was passing a measure to increase the fees to be charged in the patent office for the purpose, as stated in the note to the bill, of securing revenue to defray the expenses involved in the printing of specifications and drawings of patents. I ask the Secretary of State to give the committee a report on the progress that has been made toward providing facilities in the patent office for the printing of specifications and drawings. I am informed that no printing has been done, that increased fees are being charged but that the service for which the increased fees were imposed is not being given.

I ask the minister also to give a full report on the progress, if any, that has been made toward implementing all the recommendations of the committee. I recognize, Mr. Chairman, that these recommendations have not behind them the full weight that would have been attached to them had they been adopted in the house by formal resolution; but I am bold enough to venture this statement, that if the report of that committee had been discussed in the house it would have met with the endorsement of the house. I remind hon. members that that report was brought in, unfortunately, only two days before prorogation in July last year. The report had behind it the full weight of the unanimous support of the banking and commerce committee, after a lengthy and intensive investigation.

Some arrangements are, I am told, being made to move some parts of the patent office into the Canadian building. In a matter as serious as this I do urge upon the minister that the committee is entitled to receive from him a very full report. It is not a situation that can reflect credit upon the administration of governmental affairs in this country that the patent office should be permitted to continue for from two and a half to three years in

arrears with its work. That is not, I emphasize again, the fault of the commissioner or of the staff. Sometimes one wonders that they do as well as they have done, labouring under their present handicaps. I submit that this is a matter which must receive immediate attention. The situation is so serious that it must receive top-ranking priority among the projects which the government ought to undertake immediately.

Mr. RICHARD (Ottawa East): Mr. Chairman, I am glad that my hon. friend spoke as well as he did on this subject, because I am sure that too many members of the house are ignorant of the situation in the patent office. The patent office in this country has always been the poor child of the government; it has always been treated as though it were something that was not needed, although, as the hon. member pointed out, it has been a revenue-producing branch ever since its inception. It is high time that more members of the house took an interest in the patent office.

In the United States the patent office is not a revenue-producing branch. It is run as a service to encourage inventors to invent and produce for the benefit of the public. But in this country we have never encouraged inventors by the service we have given them in the patent office.

The staff of the patent office is very good. We have a very good commissioner, very good examiners, and a devoted clerical staff. But we have too few of them, and the staff is underpaid. I had hoped, after last year's report by the banking and commerce committee, that there would have been a substantial revision upward in the salaries of the technical men in the patent office and also a revision upward of the salaries of the clerical staff. Mind you, it is not ordinary work that some of the clerical staff do in the patent office, but there are more grade 1 and grade 2 clerks who have been around there for twenty years as grade 1 or grade 2 than there are in any other department of the government. They have been overlooked altogether. That is not the fault of the commissioner of patents. It is rather the fault of the heads of the department. I believe that the cabinet ministers who have been in charge of it from time to time have thought that, since it was a good revenue-producing branch, it should be left as such. I suggest that we take a little more serious view. The staff is too small. I have been dealing with patents since I was eighteen years of age, and it has always been the same old story in the patent office. Everything is always a couple of years behind, and the result is that as patent solicitors we get complaints from our clients who think that we have taken their money and are not doing anything to help them, that we are robbing them, because they do not hear from us for eight or nine months.

The staff of the patent office do their best. If a case is exceptional we will get a special order; but we cannot ask that all our cases be considered as special cases, and therefore the impression is given to the United States public, who are the greatest contributors to the patent office, and to our Canadian clients, that we are delinquent in our duty. That is not a good situation for solicitors and lawyers to be in. I therefore ask that the staff of the patent office be increased, but you cannot increase the staff if you do not pay reasonable salaries to the technical personnel which forms the patent office. Further, I ask that the clerical staff be enlarged and that, whatever the civil service commission may say, there be a proper classification of the clerical staff and that they be paid salaries which are reasonable for clerks or technical men.

I understand that some space has been found in the Canadian building, but part of the patent office is still in the Langevin block. The most important part of the patent office is the search room and the library. We should have a proper search room and a proper library immediately, because that is the very life of the patent office. That is where the public must search to find out whether an invention is new. The records are in the library and in the search room. At present all that is in one room, in cramped quarters, with no facilities for solicitors to sit down and study. As a result, the government is losing revenue. It follows, of course, that when we have printed records of all the patents already issued, searches can be made much more easily, but I understand that we cannot have printed patents within one year. Indeed, I am sure that it will take another year or two before a start is made on the printing of patents.

I spoke to the commissioner some time ago, and I understand that the printing bureau is now in a position to print patents at a cost which would compare with that suggested by the banking and commerce committee. It is true that the recommendation made last year by the banking and commerce committee was made with a view to offsetting the cost of printing patents; but I must say that the increase was not very substantial, and it does not compare at all with the fees which are being charged in other countries. As a matter of fact I consider that the fees are still too

low and it is working a hardship on this country, because two-thirds of the fees which come into the patent office come from the United States.

There is another small matter which I think should be rectified. When we file an application for a patent in the United States of America we have to take our affidavits to the United States consul here. The Secretary of State should make representations to the patent office in Washington, so that it should not be necessary for Canadians to take an affidavit before a notary public in this country to have it authenticated by the United States consul. We have never asked for that from United States citizens. I do not think Canadians should be put to that extra cost when filing an application for a patent in the United States.

I hope that the Secretary of State, who I know has progressive ideas on this matter, will see to it that sufficient space is secured in the Canadian building, if that is to be the building to house the patent office. By "sufficient" I mean ample. I hope he will remember my remarks about the search room and the library. If we had more facilities to search and study patents we would have more revenue. More people would come here to find out about our patents; they would secure copies of patents, and they would file applications. If we had more service to give we would find that a great number of United States patents which are not filed in this country would be filed, because people would expect that they could exploit their patents within a reasonable time. At the present time, many inventors are discouraged because they know they cannot get a patent for perhaps two or three years, and in that time the patent would be of no use to them.

Mr. LENNARD: I have sat here year after year listening to criticism being levelled at the patent office and the commissioner of patents. He has been criticized; the division has been criticized severely for long delays in the issuance of patents, and that sort of thing. I wish to say right now that, while I am not an authority—I am not a patent attorney—there are more delays created in the offices of the legal profession and in the offices of patent attorneys in Canada than there are in the office of the commissioner of patents.

Mr. RICHARD (Ottawa East): On a point of privilege, I hope the hon. member does not refer to me.

Mr. GRAYDON: May I ask the minister a direct question in connection with the matter of accommodation for the patent office? As I understand the present situation, the patent office is in two buildings; part of it is in the Langevin block and part of it in the Canadian building. The situation is almost as intolerable from the standpoint of getting business done as it was before. There is something behind the scenes somewhere which is stopping the patent office from getting into the Canadian building. We had better bring that out in the open. I understand that there is another department of government there that will not get out. If that is so, we ought to know about it. There ought to be some liaison, or some pressure brought to bear on the department and the cabinet to see that that department does get out, because we cannot allow this intolerable situation to continue, as I see it, with one part of the department in one building and the other part in another. The minister had better bring this thing out in the open and tell us exactly what the situation is, and who is preventing the patent office from getting into its proper quarters.

Mr. GIBSON (Hamilton West): The hon. member for Peel speaks as if there were some secret or hidden mystery about this patent office. There is nothing that I am ashamed to mention.

I want to answer what the hon. member for Eglinton had to say in regard to the work of the office. As hon. members know, at one time, before the new plans were made, the patent office was spread around in about six different buildings in Ottawa. I am glad to say that we were able to get accommodation in the Canadian building. The first step that we took was to bring in all the outlying branches of the patent office from the various buildings into the Canadian building. We were not able to get the whole Canadian building at once. We have now got a good part of it, but two floors in the Canadian building are occupied by the wartime prices and trade board, and one floor by the succession duties branch of the Department of National Revenue. These have not yet been vacated. It is expected that we shall have the whole building, the part that has been allotted to us, within the next few months.

The printing of patents was authorized. A question arose as to whether the patent office itself should undertake that work. After some careful consideration of the matter, we worked out an agreement between the patent office and the printing bureau, under which the printing bureau will do the work at the patent office. That is, the printing bureau, which has experienced men, and has knowledge of the machinery required, is purchasing the necessary equipment which will be installed in the

Canadian building in the patent office; but the actual printing work will be done by contract with the printing bureau on the premises of the patent office.

There has been some increase in staff; but, as the hon. member for Eglinton said, it is not easy to get the qualified men, and we still have some vacancies for examiners, which is, of course, a technical position. It is not easy to fill.

Mr. GRAYDON: The minister has not yet told us what is the hold-up in the Canadian building. I am anxious to know what the obstacle is and who is there that we cannot get out.

Mr. GIBSON (Hamilton West): I am afraid my hon. friend was talking to somebody else when I mentioned it. I said that at the present time the wartime prices and trade board are still in the building. It is expected that they shall be out very shortly.

Mr. GRAYDON: I understood that this was to be done months ago. Why is the wartime prices and trade board there? Has that board any special priority in the building when the patent office is much more important than the board?

Mr. GIBSON (Hamilton West): I do not think the national defence library has altogether pulled out. Although they were occupying space on the ground floor, they have started to move. I do not think they have all their books out of that part. Of course, when the other departments moved out of the other parts of the building a certain amount of redecorating and rearrangement of the rooms on the upper floors was necessary, which took some time, to make them suitable for the patent office. They will be very pleasant quarters when they are completed.

Mr. GRAYDON: When will the entire patent office be moved to the Canadian building?

Mr. GIBSON (Hamilton West): The last report I have received is that the whole move will be completed within the next few months.

Mr. GRAYDON: In a few months. I am asking these questions with a definite objective in view. I am really concerned about the position of the patent office. From the information I get from many quarters I think it is a scandal to allow this office to be hung up in this way. The minister ought to go to the Minister of Finance or whoever is responsible and clear this thing up and get the wartime prices and trade board out. Let us cut all the red tape that this thing seems to be tied up with. You will never get in there if you do not do that.

Mr. MACDONNELL (Muskoka-Ontario): I want to put in a word here. We have had two powerful statements tonight from persons who are familiar with this situation. We have had the hon. member for Eglinton recalling to the committee what was done a year ago when the banking and commerce committee reported to the house. That happened almost a year ago. Then we had the hon. member for Ottawa East giving in great detail some of the defects. The minister has given an answer recognizing that there is a situation to deal with. I got no sense from the minister that this was regarded as something which had absolutely top priority and which should be done. I should like to ask the minister this question. As I understand it, it has been said that the work is some two and a half to three years behind. The seriousness of that in several ways has been made clear. It is not merely the inconvenience to those who are putting in applications, not merely the discouragement to inventors who might put in applications, but actually the great loss in business probably to the office because the facilities are not available. Is there some plan by which this will be dealt with? Is there a plan under which these arrears are to be grappled with, so that they will be wiped out within a given time?

The minister says, and indeed it had already been indicated by those who spoke before him, that it is difficult to get men. That is clear. But are steps being taken to meet this difficulty? Are special inducements being offered? Surely this is something that is in a different category. We have boards and institutions of all kinds, about the value of which we may have great differences of opinion, but here is something on which everyone is agreed. It is generally agreed that the public wishes to have this branch put in the highest state of efficiency. I would ask the minister whether there is now a plan whereby these arrears will be brought down. Is there any plan whereby staff will be got and the necessary steps taken to get them, so that within a reasonable time these arrears will have been wiped off? Nothing short of that is a satisfactory answer to the arraignment, and it is an arraignment to which the committee has listened tonight.

Mr. GIBSON (Hamilton West): My hon. friend is not an authority on the patent law, or he would realize that, when reference is made to the fact that patents are in arrears,

that is a standard condition. The length of time they are in arrears is another matter. When applied for, a patent is not issued within a week or within a month. I think the Canadian record at the present time compares quite favourably with the record of other countries in the average length of time it takes to issue a patent. It does not depend entirely on the activity of the patent office. They receive an application and they write back and make certain requisitions, and that goes back to the solicitor who is handling the application. He then calls in the inventor, and perhaps a period of six months goes by before a reply comes into the patent office. That is dealt with; there has to be a second application. It goes back to the solicitor, and in some cases it is a matter of six years before the patent is obtained, depending on the speed with which applicants apply for patents. Sometimes they do not wish to have a patent issued too early. Having filed their application, they are protected, but they may not want it at once. They may not want time to run against them, and sometimes there is a purposeful delay in answering the questions of the department. Sometimes six months go by without a letter being answered.

Mr. TIMMINS: The minister will admit that the evidence given last year before the committee was that when the application was filed in the first place it would be acknowledged by the department; but that a matter of eight months would go by before any further step would be taken by the department. Has the situation changed in that regard in the last year? The department was not itself in a position to have the necessary work done by the examiners for a period of eight months. Has that situation changed?

Mr. GIBSON (Hamilton West): Yes. The situation has improved. We are not in a fully satisfactory position and shall not be until we get into one building, and we want an increased staff. I would not say the work of the patent office is unsatisfactory.

Mr. TIMMINS: Is the minister not seized of the fact, which came out before the committee last year, that one basic necessity in the proper working of the patent office is adequate housing for the whole staff in one building?

Mr. GIBSON (Hamilton West): I agree.

Mr. TIMMINS: Will the minister tell us tonight that within a matter of a few months he will have the office together in one building?

Mr. GIBSON (Hamilton West): That is right.

[Mr. Gibson (Hamilton West).]

Mr. MACDONNELL (Muskoka-Ontario): The minister is perfectly right when he says that I am not an expert, but I have listened to two hon. gentlemen who I thought and still think are experts, and when I heard the word "arrears" used I took it in its ordinary sense. The minister says, in effect, that things are not so bad, that there is no real urgency. If that is the spirit of the approach to this question, that there is no real sense of urgency, then I suggest that other persons who are more competent than I am should say whether there is, in fact, such urgency.

Mr. FLEMING: I am bound to say to the minister that his answer concerning delays in the patent office does not strengthen the position he has taken on this matter. The minister will be the first to recognize that we who have spoken on the question are trying to strengthen his hands in an effort to see that the patent office situation is cleared up. We are trying to help him to obtain accommodation and personnel, and his answer that the situation is satisfactory is entirely inadequate. It is a most incomplete answer to say that there are inevitable delays in dealing with patent matters. Of course there are. It takes time to make due examination of patents. There must be correspondence; there must be citations, and all that sort of thing. No one expects the patent office to function on applications the day they are received; nevertheless it is quite inadmissible for the minister to say that the patent office is not working unsatisfactorily at the present time. The commissioner before the committee said, not once but many times, that the public is not receiving from the patent office the service to which it is entitled. Is the minister going to say, after that, that the office is working satisfactorily? I hold that, through no fault of the commissioner and the staff, the office is not working satisfactorily. It is working in a manner far from satisfactory. When we have the irrefutable evidence, taken before the banking and commerce committee last year, that the time lag in dealing with these patents runs from two and a half to three years from the date of receipt, no one may say that the office is working satisfactorily.

On the question of accommodation in the Canadian building, may one express the hope that the minister will be firm and insistent in pressing for due accommodation for the needs of the patent office. I had hoped that we would receive something more favourable from the minister than the statement that in a matter of months the patent office will have completed its move into the Canadian building. "Months" may be a long time. We heard

the Minister of Trade and Commerce, not so many months ago, tell us that, according to his definition, "months" might mean more than a year. I do not know whether the Secretary of State frames his definition of time with the same degree of elasticity as his colleague the Minister of Trade and Commerce, but I tell him that if in this case "months" means a year or more this matter will be up again next year and will be pressed with vigour. I make that promise.

Again I say to the minister that we are trying to help in alleviating the problem, for which he is not alone responsible. Those of his predecessors who had the problem under their charge and who did not grapple with it must share the responsibility with him. We recognize that during the war the demands for government space were pressing, and therefore we are trying to be fair about the matter. Nevertheless there is a deplorable situation to be met, and it is not being corrected with the speed at which the government ought to set about redressing it.

Item agreed to.

CIVIL SERVICE COMMISSION

50. Salaries and contingencies of the commission, $676,220.

Mr. KNOWLES: I should like to ask the Secretary of State a question or two with respect to the interesting questionnaire that has been circulated just recently among civil servants. First, may I inquire whether the filling in of this questionnaire is compulsory, and what would happen to a civil servant if he did not fill it in. The newspapers report that some employees have torn them up, all five copies.

Mr. GIBSON (Hamilton West): I read about that questionnaire in the newspapers, and made some inquiries about it. It was not issued by the civil service commission, but, I understand, was circulated by two departments among their own staffs. Those departments, I believe, were external affairs and national defence; but it was not issued by the civil service commission and is not being circulated throughout the service.

Mr. KNOWLES: Then failure to fill in the form would not involve disciplinary action of any kind, as far as the minister knows?

Mr. GIBSON (Hamilton West): I cannot say. I know nothing about the questionnaire beyond the fact that it was circulated in those departments.

Mr. KNOWLES: I appreciate that the questionnaire was circulated in two departments over which the minister does not have jurisdiction; but it was circulated to these people as civil servants. We are now dealing with the item in respect of the civil service commission, and it does seem to me that, being responsible for the civil service commission, the minister should be able to give some assurance in reply to my question.

Mr. GIBSON (Hamilton West): I cannot give any assurance at all, because I do not know anything about the administration of other departments. The civil service commission, whose estimates we are considering here, is just an agency which obtains employees for the various departments of government. Once those employees have been obtained, they come under the jurisdiction of the departments to which they are assigned.

Mr. KNOWLES: But once people have met the requirements of the commission and have been employed permanently, is there any guarantee in connection with that permanency, or is it possible for another department to dispense with the services of an employee for any cause, such as failure to fill in this questionnaire?

Mr. GIBSON (Hamilton West): If they were on the strength of the civil service the commission would ordinarily reassign them to some other department.

Mr. FERGUSON: If the heads of a department consider it is necessary for that department that these questionnaires be filled in, and a member of the civil service takes it upon himself to tear up the questionnaire instead, is that permissible? Has the civil servant such protection as would permit him to tear up a questionnaire which the heads of his department consider necessary, thus permitting him to defy the power of his superiors? I should hope not. I hope no civil servant in Canada gets such protection that he is able to run his department, irrespective of his position in the service.

Mr. GILLIS: I am glad I am not working for the hon. member who just took his seat.

Mr. FERGUSON: I can assure the hon. gentleman that he would never be able to fill the job.

Mr. GILLIS: We were not talking about jobs. If you were hiring people, with the attitude you have just shown, they would have very little liberty inside or outside the plant.

Mr. FERGUSON: I could bring five hundred employees who would say you are quite wrong.

Mr. GILLIS: I do not think the answer we were given by the Secretary of State is sufficient. As the hon. member for Winnipeg North Centre has pointed out, we are dealing with a questionnaire which the Secretary of State explains was sent out by two departments of the government. Nevertheless these people are civil servants, and were employed in accordance with civil service regulations. I have a copy of the Ottawa *Citizen* of June 9. On the front page there is this caption, "Questionnaire in CS arouses anger." I do not think any hon. member can take the stand that a department of government has the right to expect answers to the type of questions contained in this questionnaire. So that hon. members may have some idea of what they are like, I am going to quote the first sentence of this article:

> Civil servants are up in arms today over a "personnel questionnaire" which they are being required to fill out in quintuplicate, giving details of the residence and present employment of their brothers, sisters, uncles, aunts and cousins, etc. Perhaps the real joker in the deck, however, is the five lines left—

I think this is the most serious part of it.

> —to list the clubs and associations of which a civil servant is a member or past member.

I do not think it is the business of anyone, even the hon. member for Simcoe North, who might employ me, whether I am a member of the Knights of Columbus, the True Blues, the Canadian Legion or anything else. Those are matters within my own rights as a citizen. I do not think it is the business of the Department of National Revenue, once I have met the requirements of their regulations, to have me to fill in a form and tell them where my brothers, sisters, uncles and all the rest of them are working. I do not think that is any of their business. As long as I perform my duties as a civil servant, I believe the matter ends there.

So, until a satisfactory explanation is given this committee, I believe this item covering the civil service commission should stand. I believe the minister should be in a position to state that no department has the right to interfere with the personal affairs of civil servants. Tonight we have been talking about citizenship, freedom and all that kind of stuff. I do not believe any department coming under the civil service commission has any right to interfere in any of these matters outside their own organization.

[Mr. Gillis.]

I think this is pretty high-handed on the part of the Department of National Defence, and I am surprised that a minister like the hon. gentleman who presides over that department should permit this sort of thing to be done. This is bureaucracy in the extreme; it is interference with the rights of a person as a citizen, and I believe the time to stop this kind of thing is now. This is the thin edge of the wedge. If one or two departments of government can get away with it, then it may become the rule in future. Civil servants may become much less free than they are today; and they do not have so much freedom now. There are many freedoms they do not have which I should like to see them have. So I am seriously suggesting that, until we get a more satisfactory explanation of this questionnaire, this item should stand.

Mr. GIBSON (Hamilton West): Any question in regard to the questionnaire may be brought up on the estimates of the two departments concerned. The civil service commission has no knowledge of it at all.

Mr. GILLIS: Well, we are dealing with the civil service commission now. I believe it should be asked for an explanation, and I think we should get that explanation before we pass these estimates. In my opinion the departments concerned have no business putting out this kind of thing. The civil service commission is the body responsible for the jobs of the people affected by this questionnaire.

Mr. FRASER: Oh, no; not entirely.

Mr. GILLIS: Before people are taken on as clerks or anything else in national defence or external affairs, they have to pass the civil service examinations.

Mr. SMITH (Calgary West): What are the two departments?

Mr. GILLIS: External affairs and national defence.

Mr. FRASER: Both secret departments.

Mr. KNOWLES: Is it not true that all those employees, especially if they are permanent, have already been required to take an oath of allegiance?

Some hon. MEMBERS: Why not?

Mr. KNOWLES: I have no objection to that, but my point is that, they having done so and having passed the examinations, these inquiries about their sisters, cousins, aunts and so on certainly border on an infringement upon their freedom, as the hon. member for Cape Breton South has pointed out.

Mr. FRASER: The oath of a Labour-Progressive would not mean anything.

Mr. McLURE: Are there any temporary employees in the civil service commission?

Mr. GIBSON (Hamilton West): Yes; there are 143 permanents and 117 temporaries.

Mr. McLURE: Temporary employees receive $668,868?

Mr. GIBSON (Hamilton West): That is in the two departments. It is divided into two parts. There are 117 temporary employees in the regular civil service branch, and in demobilization and reconversion there are 295. So that those are both included in the total sum that the hon. member mentioned.

Mr. COCKERAM: Is the work of the demobilization and reconversion branch going on at the present time, and is it likely to continue? A large amount was spent last year. Surely that work must be fading into the distance by this time. When will it disappear altogether?

Mr. GIBSON (Hamilton West): They will eventually merge into one division. At the present time, however, a survey is being made.

Mr. COCKERAM: In other words, until the merger is carried out we shall not save money?

Mr. GIBSON (Hamilton West): It is making a survey of various departments to find out what their post-war requirements may be, and for that reason they have a larger staff than will be necessary later on.

PUBLIC PRINTING AND STATIONERY

323. Canada Gazette, $83,430.

Mr. COCKERAM: What is the revenue here? I take it that this is in addition to the revenue brought in from the sale of the *Canada Gazette.* I meant to ask a similar question in connection with the patent office, but it slipped my mind. How much money do we take in from this source?

Mr. GIBSON (Hamilton West): In the last year or two we have had a deficit on the *Canada Gazette.* It is being printed in two parts. At one time it carried itself, but at the present time there is a deficit of about $7,500.

Mr. COCKERAM: That is not my question. I did not ask whether there was a deficit. How much came in from the sale of this publication?

Mr. GIBSON (Hamilton West): Expenditures were $60,067.19, and the revenue was $52,400.

Mr. COCKERAM: So that there was a loss?

Mr. GIBSON (Hamilton West): Yes, of about $7,500.

Mr. COCKERAM: I suggest that this is one branch which should pay. If there is a loss on the *Canada Gazette,* then surely those of us who subscribe to it should pay at least the cost of printing it. How many copies are issued?

Mr. GIBSON (Hamilton West): A great many free issues are distributed. I do not think those who pay for it should necessarily have to pay the cost of the free distribution.

Mr. COCKERAM: How many free copies are issued and how many are subscribed for?

Mr. GIBSON (Hamilton West): Two thousand copies are printed, of which 1,200 are distributed free.

Mr. COCKERAM: To whom are they distributed free? Let us get down to the point as to why this branch cannot be made self-supporting. That is all I want to know.

Mr. GIBSON (Hamilton West): Part II is distributed to all those who receive free copies of the statutes, including the libraries of Canada, members of parliament, judges, legal libraries and the like.

Mr. COCKERAM: Only 800 copies are paid for?

Mr. GIBSON (Hamilton West): Yes, but in addition there is the revenue secured from those who put in advertising.

Mr. COCKERAM: What is the revenue from advertising in the *Canada Gazette*?

Mr. GIBSON (Hamilton West): It is $54,000. The revenue from subscriptions is $18,214 and, from advertising, $34,260.

Mr. COCKERAM: I just wish to point out that in my opinion those figures are not correct. What is the cost of the *Canada* Gazette today? It is $3 a year, is it not?

Mr. GIBSON (Hamilton West): No; it is $8 a year.

Mr. COCKERAM: The minister has said the revenue from subscriptions is $18,214. How does that work out? The minister told me a moment ago that only 800 copies were paid for. That is what I am getting at. He said there were 1,200 free and 800 paid for.

Mr. GIBSON (Hamilton West): I understand from the king's printer that 2,000 copies of part I are printed; 3,000 copies of part II, and 1,000 copies in French.

Item agreed to.

325. Distribution of official documents, $68,300.

Mr. COCKERAM: I should like an explanation of this item, because I think it is in just about the same position. Why does it cost so much, and what are the documents?

Mr. GIBSON (Hamilton West): Official documents are distributed to various government offices, to libraries and to members of parliament. For example, the Statutes of Canada are distributed to senators and members of the House of Commons to the extent of 250 copies in English and seventy-nine copies in French. They go to the lieutenant governors of the provinces, government officials in the provinces, police magistrates and provincial libraries. The total distribution is 1,787 in English and 489 in French.

Mr. COCKERAM: Is that just the official statutes, or is it everything?

Mr. GIBSON (Hamilton West): That is the official list. Government publications are sent to the same list.

Mr. COCKERAM: I think this is one place where a saving could be made. Every member of the House of Commons receives copies of the divorce bills, and I think practically ninety-five per cent throw them in their wastepaper baskets without looking at them. A number of official documents are sent to members, which could be cut out if a questionnaire were sent around to find out just what we wanted.

Mr. KNOWLES: In connection with the divorce bills, I should like to amend the figure I gave the other night. I pointed out that the divorce bills and proceedings which had come to us this year would make a pile eleven inches high for each member. I multiplied that by the number of members of parliament and senators, and told the house that it would make a pile 312 feet high. Tomorrow morning, when hon. members are walking up the walk, if they will look at the flag on top of the tower they can realize how high the pile would be. One of my French-speaking colleagues in the back row has reminded me that the French-speaking members receive copies in both English and French of both the bills and the proceedings. Therefore the height of the pile would be considerably higher than the flag.

[Mr. Gibson (Hamilton West).]

Seriously, I think something could be done. It would only be a fleabite when compared with the money we have to spend, but surely it would be worth saving. Some way should be found to do away with the printing of the huge quantities of these things which all of us just throw away.

Mr. LENNARD: That would apply to a great many other publications issued by the government to all members of parliament. I know we all get from different departments publications which are just thrown away unwrapped into the wastepaper basket. I agree with the hon. member who has suggested that a questionnaire should be sent out, so that we could indicate what publications we desire. A considerable saving could be effected.

Mr. GIBSON (Hamilton West): This is a matter that really should be taken up with the committee on printing, because the printing bureau does the actual work and makes the distribution in accordance with the instructions it receives. It does not decide for itself what distribution shall be made. If the committee on printing would give it some latitude, so that members could be asked what they desired, instead of their being supplied automatically with material, possibly a saving could be made.

Mr. MACDONNELL (Muskoka-Ontario): That brings to my mind the thought that the Secretary of State might be the proper person to follow that up and try to get it done. These divorce petitions are the greatest waste of money. They are sent to us by the score each year, and I am sure that each one of us just throws them in the wastepaper basket. They involve a waste of envelopes, time and everything else. If a change in the statute is required, let us have it done. I suggest that the Secretary of State charge himself with trying to have that done.

Mr. GIBSON (Hamilton West): I shall be glad to bring that to the attention of the chairman of the committee.

Mr. KNOWLES: Hon. members will recall that when we received the 1947 statutes last year a change had been made. The announcement was made that the 1947 statutes would be printed in two volumes, one containing the statutes other than the divorce acts and the other volume containing the divorce acts. We

were told that if we wanted to get the volume containing the divorce acts, we could get it, but if we did not particularly want it and did not especially apply for it we would not get it. That did not come through the committee; that decision was made at some official level. I would hope that at the same level a decision could be made that at the beginning of the year each member of parliament would get a sample divorce bill and a sample copy of proceedings and evidence. I do not know who would pick them out, but they are still the same, and we could let it go at that.

Item agreed to.

326. Printing and binding official publications for sale and distribution to departments and the public, $125,000.

Mr. COCKERAM: This item is in exactly the same position as the last one. I assume that the explanation given by the minister would cover this item as well.

Item agreed to.

DEPARTMENT OF TRADE AND COMMERCE

440. Departmental administration, $272,600.

Mr. MACDONNELL (Muskoka-Ontario): Mr. Chairman, I should like to make a few observations about this item and take advantage of this occasion to refer in a general way to trade and commerce and to make a request of the minister. Undoubtedly foreign trade has a special significance in our minds this year by reason of events which took place last year and the special measures which had to be taken. I am going to try to make my request in an entirely uncontroversial way, because I am most anxious to put it to the minister in such a way as to get what I think we need, a comprehensive statement of our trade position, not just a few general words.

I want to remind the minister briefly of the events which we both have in mind: the steps which were taken last autumn, including his own speech; the measures which have been passed and, finally, the reference which he made last autumn to the Marshall plan and to the position in which we now find ourselves. What I suggest the minister should give us is up-to-date figures showing the results achieved, first of all, under the exchange conservation bill, with its three aspects, the exclusion aspect, the quota aspect, and the permit aspect; secondly, what he has been able to do pursuant to his radio address last autumn to promote the increase of exports of Canadian manufactured goods to the United States, and finally, I come to say a word about the Marshall plan.

I quite appreciate what the minister said the other evening, that it is difficult, perhaps impossible, for the department to estimate exactly what benefit we shall get under the Marshall plan, although the minister hoped last autumn that he might be able to do that. I appreciate what he said, that the Marshall plan puts United States funds into the hands of European countries which can then use them as they see fit. Therefore I realize it is difficult for the minister to attempt to anticipate just what benefit we shall derive from these moneys put into the hands of these countries.

That brings me again to the question of trade, and I point out to the minister that the whole situation involves our foreign trade position, and that this place and this time is the proper place and time for a comprehensive statement to be given such as the Minister of Trade and Commerce is best able to give. May I suggest to the minister that it should not be done in any offhand way in any five or ten minutes. What we should have and are entitled to is a carefully prepared, comprehensive, reasoned and complete statement giving us the best estimate he can give us at the present time, first of all, as to what results have been achieved since last autumn and secondly, as to our expectations based on the best analysis he can make of our foreign trade position and the best analysis he can make of what we may expect in the development of our trade. In other words, he should put us in a position to judge where we stand in our foreign trade balance position. I put that to the minister. I am not pretending that it is a small thing. It is quite a big thing. It will need a comprehensive statement, and I hope the minister will give it. I think this is the time and this is the place that it should be given.

Right Hon. C. D. HOWE (Minister of Trade and Commerce): Mr. Chairman, we spent five hours on this subject the other day but perhaps my hon. friend was more pleasantly engaged. However, if he wants a statement I will give him one, although it will take a little time. I hope he will listen patiently.

The remarks I have to make refer to the administration of schedule III of the Emergency Exchange Conservation Act, which deals with the imports of a specified list of capital goods and production materials.

The dollar value of imports from the United States of capital goods and production materials enumerated in schedule III has been held during the first four months of 1948 at $187 million. This is a level slightly above the first four months of 1947 when the figure was $177 million, but well below both of the remaining four month periods of 1947, when the same imports amounted to about $206 million in each case. These figures are shown in detail in table I which accompanies this statement. With the permission of the committee, I will put the table on *Hansard*.

The DEPUTY CHAIRMAN: Has the minister permission to put the table on *Hansard*?

Some hon. MEMBERS: Agreed.

Mr. HOWE: The table is as follows:

Table I

Imports from U.S.A. of Schedule III Tariff Items by Commodity Group*

$(000,000)

	1947			1948
	First four months Jan.-April	Second four months May-Aug.	Last four months Sept.-Dec.	First four months Jan.-April
Building stone, marble and granite	·1	·2	·2	·3
Primary iron and steel	5·6	6·3	8·9	8·3
Printing and publishing machinery	3·3	3·7	4·2	5·6
Textile machinery	5·7	6·1	6·3	6·5
Office machinery	2·3	2·3	3·3	3·0
Household machinery	·6	·8	1·0	1·2
Industrial machinery and equipment	37·3	44·0	43·0	41·0
Motion picture machinery and equipment	·9	1·1	1·1	·9
Construction machinery	23·4	25·6	24·8	31·7
Miscellaneous machinery and equipment	14·3	14·6	14·5	15·1
Engines and boilers	6·5	6·6	5·9	9·2
Railway rolling stock and equipment	1·3	1·7	4·0	2·7
Motor vehicles and parts	56·8	67·9	67·1	44·4
Ships	·9	·7	1·1	·7
Aircraft and parts	4·5	5·4	3·0	3·3
Heating and cooking apparatus	1·3	1·1	1·4	1·7
Radio apparatus	4·4	3·8	3·2	2·9
Heavy electrical apparatus	3·3	4·0	4·1	4·5
Light electrical apparatus	4·8	4·5	4·2	3·8
Grand total	177·3	200·4	201·3	186·8

*In many cases these figures cover somewhat more than the items enumerated in schedule III. They are as close an approximation to schedule III as can be made with official import statistics.

Source: Trade of Canada—Imports.

At the end of 1947, when the government sought power to control these items, it is to be remembered that domestic investment had reached a record level and that imports of capital goods from the United States had risen correspondingly. The survey of investment intentions which I tabled in the house had indicated the grand total of new investment in construction, machinery and equipment might continue to rise from the level of $2·4 billion in 1947 to perhaps $2·8 billion in 1948. In comparison with the increase of imports of capital goods which would otherwise have occurred, the control program in this field has already achieved substantial United States dollar savings. Prices of machinery and materials have continued to rise in the United States in the meantime, so that in the reducing of the dollar value of these imports, their physical quantities have been reduced still more.

When schedule III items have been brought under control it has been necessary to consult the industries concerned and to make a careful study of each case. The items have, therefore, been brought under control in groups announced at successive dates. The details of this are shown in the attached table III.

Table III

Schedule III—Tariff Items under Control as of June 5, 1948

Item	Date of Control	Brief description
305	June 5, 1948	Marble, granite, building stone, rough
306	June 5, 1948	Marble, granite, building stone, sawn
306A	June 5, 1948	Building stone, sawn
306B	June 5, 1948	Building stone, sawn
388E	April 1, 1948	Iron or steel side or centre sill sections for railway cars
393	March 1, 1948	Rough steel tires for railway vehicles
Ex 409L	April 1, 1948	Traction ditching machines and production parts
Ex 412	April 1, 1948	Newspaper presses and production parts
Ex 412A	April 1, 1948	Printing and publishing machinery and production parts
Ex 412B	April 1, 1948	Flat bed cylinder printing presses and production parts
Ex 412C	April 1, 1948	Type casting and type setting machines and production parts
Ex 412D	April 1, 1948	Offset presses, lithographic presses, printing presses and production parts
Ex 413	May 15, 1948	Textile machinery and production parts
Ex 414	May 15, 1948	Typewriter production parts
Ex 414A	May 15, 1948	Production parts for dictating, transcribing, cylinder shaving machines
Ex 414C	May 15, 1948	Bookkeeping, calculating, invoicing machines and production parts. Production parts for adding machines
Ex 415	May 15, 1948	Vacuum cleaners and production parts
Ex 415B	May 15, 1948	Production parts for domestic washing machines
Ex 415C	May 15, 1948	Production parts for domestic clothes wringers
Ex 415D	May 15, 1948	Industrial sewing machines; production parts for all sewing machines
Ex 420	May 15, 1948	Leather working machinery and production parts
Ex 422	April 1, 1948	Street or road rollers and production parts
Ex 422A	June 5, 1948	Road machinery and production parts
Ex 422B	June 5, 1948	Trench and ditch excavating machines and production parts
Ex 424	May 15, 1948	Fire engines, fire extinguishing machines and production parts, other than chassis parts
Ex 425	April 1, 1948	Lawn mowers designed for use with motive power and production parts
427E	March 1, 1948	Automatic machines for making and packaging cigarettes
Ex 427F	April 1, 1948	Machines for manufacture of veneers and plywoods and production parts
Ex 427H	Feb. 2, 1948	Motion picture projectors for use with film 1⅛ inch or over and electrical theatre equipment
Ex 428E	May 15, 1948	Diesel and semi-diesel engines and production parts
Ex 428F	May 15, 1948	Air-cooled internal combustion engines less than 1½ h.p. and production parts
434	March 1, 1948	Locomotives for use on railways, including tops, chassis, wheels and bodies
Ex 434A	June 5, 1948	Motor-rail cars, chassis and production parts
434B	March 1, 1948	Steel wheels for railway rolling stock
Ex 435	June 5, 1948	Locomotive and railway motor cars for mining, metallurgical or saw mill operations and production parts. Diesel Switching locomotives
Ex 438	June 5, 1948	Railway cars, n.o.p. and production parts
438A	Nov. 18, 1947	Automobiles and motor vehicles of all kinds
438B	March 1, 1948	Motor vehicle parts
438C	March 1, 1948	Motor vehicle parts
438D	March 1, 1948	Motor vehicle parts
438E	March 1, 1948	Motor vehicle parts
Ex 438G	April 1, 1948	Motor cycles, side cars and production parts
438H	June 5, 1948	Annular ball bearings and parts
438I	June 5, 1948	Motor vehicle parts and accessories
Ex 439B	Nov. 18, 1947 April 1, 1948	Cars, n.o.p., trucks, road or railway scrapers
Ex 440	June 5, 1948	Vessels, dredges, scows and yachts, except pleasure boats

Table III—Concluded

Schedule III—Tariff Items under Control as of June 5, 1948

Item	Date of Control	Brief description
Ex 440A	June 5, 1948	Vessels, dredges, scows and yachts, except pleasure boats
Ex 443	June 5, 1948	Production parts for cooking and heating apparatus
Ex 443A	June 5, 1948	Ovens, for use in commercial bakeries and production parts
Ex 445	June 5, 1948	Production parts for electric light fixtures and appliances
Ex 445D	May 15, 1948	Production parts for electric wireless or radio apparatus
Ex 445I	June 5, 1948	Production parts for electric sad irons
Ex 445J	June 5, 1948	Production parts for electric dry shaving machines
Ex 445K	June 5, 1948	Electric apparatus, n.o.p. and production parts
Ex 445O	May 15, 1948	Radio production parts
Ex 445P	June 5, 1948	Radio tube production parts
Ex 445Q	June 5, 1948	Radio tube production parts
Ex 446	March 1, 1948	Electric steam turbo generator sets and production parts
447A	April 1, 1948	Sand cast rolls and chilled cast rolls for paper manufacture
447B	April 1, 1948	Forged steel rolls
459	April 1, 1948	Production materials and production parts for street or road rollers
461	March 1, 1948	Safes, including doors, scales, balances, weighing beams
Ex 461A	May 15, 1948	Automatic scales, weighing machines and production parts

It should be noted that the Minister of Finance was initially responsible for some of these items. By June 5, over 72 per cent of the items in schedule III had been brought under control, and these items accounted for about 49 per cent of all the imports in schedule III in 1947.

Because a number of these items have recently been controlled, import statistics available to date do not as yet fully reflect the operation of the controls which have been applied. These should result in larger savings of United States dollars during the remainder of the year. Some results are, however, already to be noted. For example, imports from the United States in March and April of the current year were in each case lower than for the same months of 1947 for schedule III items. Table II shows such import statistics as have become available on items brought under control. Table II follows:

Table II

Monthly Imports From U.S.A. of Schedule III Tariff Items by Date of Commencement of Control, as of April, 1948*

$(000,000)

Date of control	1947			1948			
	October	November	December	January	February	March	April
November 18, 1947 (1).....	8.0	6.8	1.1	1.1	0.4	1.4	1.2
February 2, 1948 (2).....	0.1	0.2	0.1	0.1	0.2	0.03	0.03
March 1, 1948 (3).....	11.3	9.6	9.7	10.6	9.4	9.3	9.7
April 1, 1948 (4).....	1.5	1.5	1.5	2.1	1.8	1.7	2.2
Total all controlled tariff items.....	20.9	18.1	12.4	13.9	11.8	12.43	13.13

SOURCE: Trade of Canada, Imports.

(1) Tariff items 438A and 439B.
(2) Tariff items 427H.
(3) Tariff items 393, 427E, 434, 434B, 438B, 438C, 438D, 438E, 446 and 461.
(4) Tariff items 388E, 409L, 412, 412A, 412B, 412C, 412D, 422, 425, 427F, 438G, 439B, 447A, 447B, 459.

* In many cases these figures cover somewhat more than the items enumerated in schedule III. They are as close an approximation to schedule III as can be made with official import statistics.

[Mr. Howe.]

It is clear from these figures that the imposition of controls has resulted in a diminution of imports and that the greatest saving to date has been in the case of automotive vehicle tariff items 438a and 439b, which were made effective on November 18, 1947. It should further be borne in mind that imports have been admitted in many cases in schedule III where contracts were made prior to November 18, 1947. It is clear that these cases will become of less importance as time goes on although it was recognized in advance that there would be a large number of them at the beginning of the program.

Methods of administration have been devised which take account of the various problems which arise in the import of schedule III items. Wherever possible, import quotas have been applied, or dollar allotments as they are called. In most cases these have followed the general pattern of the formula applied to imports of the automobile industry which I explained in this house at an earlier date. These dollar allotments have been found most suitable in controlling the imports of parts for production use enumerated in schedule III.

In other cases not subject to these dollar allotments, applications are received for import permits on an individual basis. Until the end of May a total of $21·5 million of import authorizations have been granted in this way, $14 million for imports from the United States and $7·5 million for imports from other countries. This has involved thousands of individual applications, each of which had to be carefully screened.

A third system has been evolved to deal with anyone engaged in a project such as the construction of an industrial plant. Applications may be made for blanket approval of all the imports necessary for the particular project. Project approvals which are issued in these circumstances are, in effect, an assurance that individual shipment permits will be issued as they are needed. Up to the end of May, a total of 232 project applications had been approved. A large proportion of these cover the expansion of industries which will either increase exports or diminish our dependence on imports on a sound economic basis. About forty project applications have been approved for the replacement of obsolete and uneconomical equipment. A number of these latter were in the textile industry. Seventeen of these project permits deal with public service projects, of which by far the most important is the hydro-electric power development now taking place throughout Ontario.

The total value of materials still required for these 232 projects amounts to some $495 million, $73 million of which is material covered by schedule III to be imported from the United States during 1948 and subsequent years. Almost every Canadian industry of any size has been affected by this project authorization system. Apart from public utilities in Ontario, the industries which account for the largest expenditures in the above total are pulp and paper, textiles, petroleum, chemicals and processed foods and beverages.

Schedule III was not designed to place drastic limitations on industry. Quite the reverse; it was intended to promote industrial growth in the most constructive possible way. This program is being developed every day. Imports of capital goods were in danger of going beyond what we could afford to spend in United States dollars, but drastic curtailment would have been undesirable. It would have impeded industry's plans and would have caused unemployment and attendant difficulties in many parts of the country. Hasty or ill-considered action might well have altered our course from our present booming prosperity to the reverse, recession and falling incomes. This has been avoided. New industries are being established in Canada all the time to continue the development and further integration of our national economy. Thus the program is not merely to save dollars in the short run, but also to assist industry as a whole to spend our scarce United States dollars where they will do the most good for our future development. The co-operation on the part of industry has been excellent throughout, and there has been evidence of widespread public desire to assist in solving the dollar exchange problem.

Imports of steel provide a good illustration of efforts made to obtain adequate supplies of an important basic material for Canadian industry. We are not anxious to cut down our steel; on the contrary we are anxious to import as much as we can get, consistent with the allocation of steel which must be made in the United States to many other important uses. In the first quarter of 1948, tonnage of structural steel imports subject to control was about fifty-seven per cent higher than in the first quarter of 1947, although about sixteen per cent below the fourth quarter of 1947.

Mr. MacNICOL: Has the minister the total tons?

Mr. HOWE: I have not the tonnage, no; I can look it up for the hon. member. Total imports of all mill forms show a similar trend in the same periods.

Tariff item 438a, motor vehicles, was put under control on November 18, 1947. I estimated in the house in February that we would

effect a total saving, on this tariff item alone, of about $55,000,000 in 1948. Additional savings on automotive parts were estimated to bring the total saving on automobile imports up to $70,000,000 or $75,000,000 in 1948. It looks now as if savings of this magnitude will be attained. Nearly all the reduction in imports thus far is attributable to diminished imports of complete vehicles from the United States. The import formula for the automobile industry has permitted the continued imports of parts at a high level. Along with this, production in the Canadian automobile industry bids fair to be comparable with the high levels of last year. In the first quarter of 1948, roughly 60,000 vehicles were produced. Types of vehicles will be manufactured in Canada which were previously imported from the United States, and at least one manufacturer has been hastening plans for the Canadian production of his car which was previously imported. Another manufacturer is moving into the production of motor coaches in Canada. A number of Canadian industries have expanded the manufacture of automobile parts and sub-assemblies which were previously imported. They include new types of wheels, non-vacuum fuel pumps, hub, drum and transmission assemblies and others.

The industrial expansion which we are encouraging can best be illustrated by referring to a few of the industries for which imports of machinery and equipment have been authorized.

Among our largest imports last year were textile fabrics, that is, cottons, rayons and woollens. These amounted to about $180 million and were largely imported from the United States. Well over one-half of the imports consisted of cotton fabrics. As hon. members know, it has been necessary to make large reductions in our imports of cottons and rayons from the United States and, especially in the case of cotton fabrics, import restrictions will sharply reduce the supply available for the domestic market. At present there are a number of large expansion and modernization projects under way in all branches of the textile industry that will contribute substantially to a reduction of our imports of these materials as well as of yarns and fibres, and will increase efficiency in the industry. These projects will not only aid in our immediate dollar saving program and alleviate material shortages but also contribute to the improvement of our long-term dollar position. In these respects the expansion of our cotton industry will be most important. I can add, too, that the completion of a rayon plant now under way will make it less necessary to import rayon fibres and yarns.

[Mr. Howe.]

In the pulp and paper industry there is a large expansion program under way to increase our production of a number of products, particularly for export to the United States. Some of these projects will process pulp previously exported; others will convert our paper into containers and other paper products now being imported. In the past, Canada has imported a substantial amount of copper and brass products. In this industry, too, a large expansion project now under way should materially reduce our dependence on imports. The same is true of our asbestos industry. Heretofore, a large proportion of our asbestos has been exported as a raw material, and it has been necessary for us to import various manufactured asbestos products. A number of large projects now under way will not only increase our production of asbestos but, in particular, increase our production of manufactured products for both the domestic and export markets.

I have already referred to recent developments in our automobile industry, and there are similar developments in a number of our other secondary manufacturing industries. For example, one of the largest United States manufacturers of automatic washing machines is to establish a plant in Canada for the manufacture of his products. The Canadian plant will supply most of the export markets already established by the United States parent company, and at the same time will manufacture repair parts for the world market, including the United States.

Mr. BLACK (Cumberland): That plant is located in Amherst, Nova Scotia?

Mr. HOWE: Yes.

Mr. MacNICOL: Nine million dollars.

Mr. HOWE: We always take care of the maritime provinces. Another instance of the kind of industrial development at present occurring in Canada is the manufacture of noiseless typewriters. In this case as well, one of the largest United States companies is establishing a plant here to manufacture noiseless typewriters, to supply its entire market for this type of machine. Similar developments are occurring in other fields which cannot be detailed here, except perhaps to mention such products as fountain pens and pencils, various publications, et cetera, which are to be produced in Canada to supply foreign markets already established by United States parent companies.

Expansion now under way in still other industries will reduce our dependence on imports and will increase our exports. Some of these are petroleum products, industrial

chemicals, pharmaceuticals, ophthalmic lenses, machinery, tools, hardware, food products, et cetera. In many of these plants, products that have never before been made in Canada will be manufactured here.

Mr. MACDONNELL (Muskoka-Ontario): I wish to thank the minister for the statement he has given us. He has covered part of what I asked, and I think, very fully. The minister has dealt in a somewhat detailed way with the operation of 3, part III, of the conservation act, and he has given certain general indications as to what may be expected in the way of increased exports, not merely to other countries but to the United States. I want to ask him for figures on the last point. What actual figures have we got up to date? And that leads me, of course, to ask what the situation of the exchange fund is from month to month.

There is the other point I mentioned, when we come to the foreign market, namely, what is the position there? What are our trade agreements and what are our other expectations? We should like to know something about this, so that we can form our own estimate, as well as we can, of what we may expect to derive through purchases in Europe and elsewhere by their making use of Marshall plan dollars. If the minister has not those figures available, they can be given later, but I think we need them in order to get the complete picture. I am grateful for what he has given tonight. It is along the lines of what I wanted.

Mr. HOWE: As far as imports and exports are concerned, I can deal with the two largest markets, the one in the United States and the other in England. As regards the United States, our imports are dropping month by month and our exports are expanding as compared with similar months a year ago.

In January of this year imports from the United States were $150 million as compared with $136·4 million in 1947. In February they dropped to $136·8 million as against $138·4 million last year. In March they dropped to $138·3 million as against $165·1 million. For April the figure is $161 million as against $183·5 million for 1947.

So much for imports. As far as exports are concerned, a better showing is made. In January, 1948, we exported $105 million as against $79·5 million in January of last year. In February of this year we exported $94·8 million as against $69·4 million last year.

Mr. MACDONNELL (Muskoka-Ontario): Could the minister break down a typical month?

Mr. HOWE: I have only the over-all figures. There are thousands of these items.

Mr. MACDONNELL (Muskoka-Ontario): I meant in groups.

Mr. HOWE: I will see what I can do. In March we exported $112·5 million to the United States—that is, this year—as against $83·1 million last year, and in April we exported $111·4 million as against $91·3 million last year. So much for the United States.

I turn now to England. Imports are rising steadily, which is desirable. Exports are always up, but only slightly. In January, imports from the United Kingdom were $21·6 million this year as against $14·3 million for 1947. In February of this year we imported $17·9 million as against $10·5 million in February last year. In March of this year we imported $21·6 million as against $13·8 million last year. I am sorry we have not the April figure on imports.

As regards exports to the United Kingdom, in January of this year we exported $64·9 million as against $50·5 million last year. In February we exported $51·7 million as against $44·9 million last year. In March we exported $59·2 million as against $47·6 million last year.

So that the trend is definitely in the direction we require: reduced imports from the United States and increased exports to the United States; and as far as England is concerned, increased imports from England.

Mr. MACDONNELL (Muskoka-Ontario): Again I am grateful for what the minister has given, but I would point out that there are other things which I included in my first statement and which I hope he will give tomorrow. These figures will appear in *Hansard,* and I hope the minister will not bring this on at eleven o'clock because we shall not have *Hansard* at that hour. The minister has given us these figures, but I think we should have a breakdown of some months in order to have an idea of quantities and the nature of goods in addition to the over-all figures. We want to know about payments, about the amount which is assured to us by contract for the rest of the year, and in general—while I repeat my thanks to the minister for what he has given—we need a good deal more to enable us to get the complete picture. I hope the minister will continue what he has so satisfactorily begun.

Mr. HOWE: I can give the hon. member a breakdown now. These are balances, not absolute figures, ups and downs with corresponding months last year. From January to April, 1948, as compared with January to

April, 1947, in aluminum and products our exports increased by $19 million; copper and products, our exports increased by $10 million—

Mr. HACKETT: To where?

Mr. HOWE: That is all Canada's trade. It does not matter where very much; it is all for dollars. Nickel and products increased by $7 million; pulp increased by $14 million; newsprint increased by $12 million; lumber dropped $1 million; in wheat there was no change; flour dropped $13 million owing to the shortage of the crop, resulting in the fact that we had not the wheat to make flour; bacon increased $19 million; other meats dropped by $2 million; farm machinery increased by $12 million; and trucks dropped by $11 million.

Mr. MACDONNELL (Muskoka-Ontario): It is now eleven o'clock. The minister has given us a good deal of material; and I would ask him to put himself in our position, because I hope that we shall have enough wit to ask further questions in order to get the fullest information available—it may not be absolutely complete, but the fullest information available—as to just what our position is at the moment.

Mr. HOWE: If you will be patient I can put on the record the imports for the same period.

Mr. HACKETT: Are the figures just read the whole trade of Canada to all the world?

Mr. HOWE: Just differences from last year.

Mr. HACKETT: I know, but differences in all trade with what countries?

Mr. HOWE: The world. Imports for the same period; from January to March, 1948, inclusive, coal imports increased by $13 million—

Mr. MacNICOL: Have you the total?

Mr. HOWE: No. Petroleum increased by $19 million; farm machinery increased by $8 million; other machinery increased by $17 million; automobile parts increased by $4 million; automobiles and trucks dropped by $11 million; cotton products dropped by $21 million; and fruits and vegetables dropped by $12 million.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MacNICOL: What is the business for tomorrow?

Mr. FOURNIER (Hull): Tomorrow we shall go into committee of supply and take the following departments: trade and commerce, reconstruction and supply, national health and welfare, transport, labour, national revenue and public works, though not necessarily in that order. We shall start with trade and commerce.

Mr. MACDONNELL (Muskoka-Ontario): May I reiterate my request, which I think is reasonable—

Mr. HOWE: My hon. friend should attend here a little more frequently. I have engagements as well, and I have accommodated the opposition by postponing these estimates twice, not at the request of my hon. friend but at the request of other hon. members opposite. I have to leave town tomorrow, and I should like the privilege of placing these estimates before the committee.

Mr. MACDONNELL (Muskoka-Ontario): The minister can proceed or not, but I am making what I think is a reasonable request. He has placed many figures on *Hansard* tonight. If we were meeting at three o'clock tomorrow I would not be making this request, but we are meeting at eleven and we shall not have *Hansard* before us. Quite frankly I think the public interest should take precedence over the minister's personal convenience.

Mr. HOWE: I quite agree, but I have spent five hours on this, and have obliged the opposition already on two occasions. So I think hon. gentlemen opposite might have a little consideration for me. I have a few things to do also. Probably I have as much to do as my hon. friend, and I should like to fit in my appointments somehow.

Mr. MACDONNELL (Muskoka-Ontario): Well, now—

Mr. HOWE: I am going to bring my estimates on tomorrow. My hon. friend can talk about them then if he wishes.

Mr. KNOWLES: Would it be helpful to suggest that the minister come on with his items at eleven o'clock, as he says, but that he might make some rearrangement to suit the convenience of my hon. friend?

Mr. HOWE: Certainly; I do not expect to finish tomorrow.

Mr. KNOWLES: Start with some item other than this one; we might make better progress in that way.

Mr. HOWE: Certainly.

Mr. KNOWLES: What about the international wheat agreement? The minister might even bring that on.

Mr. HOWE: I hope to bring that on some day, but I am going to have my estimates passed first, if hon. members opposite will let me do so.

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

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

TRANSPORT

500. Prince Edward Island car ferry and terminals—construction and improvement of terminal facilities—capital (revote $1,360,000)—$3,547,000.

501. Strait of Canso—transportation improveminal facilities—capital (revote $1,360,000), $500,000.

Maritime Freight Rates Act—

502. To hereby authorize and provide for the payment from time to time during the fiscal year 1948-49 to the Canadian National Railway Company of the difference (estimated by the Canadian National Railway Company and certified by the auditors of the said company to the Minister of Transport as and when required by the said minister) occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (upon the same basis as set out in section 9 of the said act with respect to companies therein referred to) on all traffic moved during the calendar year 1948 under the tariffs approved on the eastern lines (as referred to in section 2 of the said act) of the Canadian National Railways, $4,280,000.

503. Amount required to provide for payment from time to time during the fiscal year 1948-49 of the difference (estimated by the Board of Transport Commissioners for Canada and certified by the said board to the Minister of Transport as and when required by the said minister) occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (referred to in section 9 of the said act) on all traffic moved during the calendar year 1948 under the tariffs approved by the following companies: Canada and Gulf Terminal Railway; Canadian Pacific Railway, including Fredericton and Grand Lake Coal and Railway Company and New Brunswick Coal and Railway Company; Cumberland Railway and Coal Company; Dominion Atlantic Railway; Maritime Coal, Railway and Power Company; Sydney and Louisburg Railway; Temiscouata Railway Company, $1,000,000.

Government employees' compensation—

504. Administration of the Government Employees' Compensation Act, $57,521.

Pensions and other benefits—

505. Compassionate allowance to recoup the Workmen's Compensation Board of British Columbia in continuation of a pension granted and to be paid by that board up to the 31st March, 1949, in the sum of $40 per month to the widow of the late E. J. McCoskrie, who was formerly employed as Port Warden at Prince Rupert, B.C., and who was killed while in the performance of his duties, $480.

506. Amount required to pay pensions at the rate of $300 per annum to former pilots: Joseph Pouliot, Raoul Lachance, Adelard Delisle, George Larochelle, Wilhelm Langlois, Arthur Baquet, Auguste Santerre, Jules Lamarre, Alexander Larochelle, $2,600.

507. Railway employees' provident fund—to supplement pension allowances under the provisions of the Intercolonial and Prince Edward Island Railway Employees' Provident Fund Act so as to make the minimum payment during the period January 1, 1948, to March 31, 1949, the sum of $30 per month instead of $20 as fixed by the said act, $17,500.

Air service—

(Control and supervision vested in the Minister of Reconstruction and Supply by order in council P.C. 529 of 10th February, 1948)—

508. Air Transport Board—Salaries and office expenses, $154,297.

509. Air service administration, $26,000.

Civil aviation division—

510. Control of civil aviation, including the administration of the Aeronautics Act and Regulations issued thereunder, $569,523.

Airways and airports—

511. Construction and improvements, including radio facilities; and to authorize commitments against future years in the amount of $452,000 (revote $3,109,500)—capital, $11,138,-309.

Operation and maintenance—

512. Civil aviation services, $3,432,160.

513. Radio aviation services, $3,868,495.

514. Airway and airport traffic control, $924,-139.

515. Grants to organizations for the development of civil aviation, in the amounts detailed in the estimates, $30,000.

Meteorological division—

516. Meteorological services, $4,674,335.

Radio division—

517. Administration of the Radio Act and Regulations, $540,277.

518. Radio direction finding stations, radio beacons and radiotelegraph stations, operation and maintenance, $1,508,243.

519. Suppression of radio interferences, $321,-291.

SECRETARY OF STATE

429. Citizenship registration branch, $165,105.

430. Companies branch, $58,880.

431. Trade Marks branch, $48,316.

432. Bureau of translations, $572,145.

433. Canada Temperance Act, $6,000.

434. Citizenship branch, $86,405.

Patent and copyright office—

435. Administration division, $42,353.

436. Patent division—patent examination unit, $244,037.

437. Copyright and industrial designs division, $14,975.

438. Patent record division, $54,257.

439. Contribution to the international office for the protection of industrial property, inter-

national copyright union office and union for the protection of literary and artistic works, $4,000.

Office of the Chief Electoral Officer—

49. Salaries and expenses of office, $30,198.

Civil service commission—

50. Salaries and contingencies of the commission, $676,220.

Demobilization and reconversion—

51. Supply of personnel for demobilization and reconversion services, $543,723.

Public Archives—

320. General administration and technical services, $163,238.

Public Printing and Stationery—

321. Departmental administration, $47,027.

322. Printing, binding and distributing the annual statutes, $15,000.

323. *Canada Gazette,* $83,430.

324. Plant equipment and replacements, $30,000.

325. Distribution of official documents, $68,300.

326. Printing and binding official publications for sale and distribution to departments and the public, $125,000.

HOUSE OF COMMONS

Friday, June 11, 1948

The house met at eleven o'clock.

THE MINISTRY

RESIGNATIONS AND APPOINTMENTS—ADDITIONAL PARLIAMENTARY ASSISTANTS

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I wish to announce certain ministerial changes, and the appointment of additional parliamentary assistants.

I regret exceedingly to have to inform the house that, due to protracted illness, the Honourable J. Allison Glen has felt it necessary to tender his resignation as Minister of Mines and Resources, and that in existing circumstances I have felt it my duty to submit Mr. Glen's resignation to His Excellency the Governor General, and to advise its acceptance.

I cannot say how deeply I regret the severance of official relations with so highly valued a colleague in the government, and so old and loyal a friend. What I would most wish to say at this time is set forth in the correspondence which has passed between Mr. Glen and myself. It would, I believe, best explain the situation were I to read the correspondence to the house.

The day before yesterday I received by Canadian National Telegraphs the following telegram, dated at Winnipeg, Manitoba, June 9, 1948, at 8.27 p.m.:

The Right Honourable
William Lyon Mackenzie King,
Prime Minister of Canada,
Ottawa, Ontario.

I have been informed today by my medical adviser that my illness may be protracted for an indeterminate period. I feel therefore that matters of urgent importance in my department requiring early consideration and decision may suffer by my continued absence, and I have consequently decided to submit my resignation as minister, to be acted upon in your discretion, which I herewith do.

May I add that it is with the deepest regret that I feel constrained to take this course, which severs the very happy ministerial association which it has been my privilege to enjoy with you and my colleagues in the cabinet, an association which I shall always gratefully cherish.

J. Allison Glen.

To that telegram I replied yesterday, June 10, 1948, as follows:

The Honourable James Allison Glen, M.P.,
541 Cambridge Street,
Winnipeg, Manitoba.

My dear Glen:

I have just received your telegram of yesterday. I am indeed deeply sorry to learn that your strength has not returned as rapidly as we all hoped it might. If, as you say, there is a possibility of your illness being protracted, I think you are right in seeking to relieve yourself of the responsibilities of administering the affairs of the Department of Mines and Resources and giving yourself as much in the way of rest and freedom as possible. This should greatly assist you in expediting your recovery. In the circumstances, I have decided to submit your resignation to His Excellency forthwith and to advise its acceptance.

I need not assure you that it is with a regret equal to your own that, for the reasons mentioned in your telegram, I feel it my duty to recommend the acceptance of your resignation. Before, however, making any recommendation to His Excellency, I should like to thank you warmly for the splendid service you have rendered Canada as a minister of the crown, and for all that your helpful counsel and close co-operation has meant to our colleagues, and to myself in particular, in the work of the administration.

My deep regret at the severance of these happy and helpful relations will be shared, I know, in full measure by all our colleagues. Fortunately, your retirement from the ministry will not mean the loss of the association which, as members of parliament, we have enjoyed over so many years, and to the continuance of which, through the opportunity afforded you of rest and freedom from ministerial responsibilities, will, I trust, be assured for some time still to come.

With warmest personal regards to Mrs. Glen and yourself,

Believe me, as always, dear Glen,

Yours very sincerely,

W. L. Mackenzie King

I am sure hon. members generally will deeply regret, with my colleagues and myself, the Honourable Mr. Glen's retirement from the ministry, and especially the reason for it; we will all wish in deepest sincerity that his health may speedily be restored, and that we may see him again in parliament at the beginning of another session.

I wish now to announce the resignation of the Honourable James A. MacKinnon as Minister of Fisheries, and Mr. MacKinnon's

appointment as Minister of Mines and Resources, the department over which Mr. Glen presided and of which Mr. MacKinnon, during a portion of Mr. Glen's absence, has been the acting minister.

I have great pleasure also in announcing the appointment of Mr. Robert W. Mayhew as a member of the Privy Council of Canada, and as Minister of Fisheries. Mr. Mayhew will be British Columbia's representative in the cabinet.

I wish to announce the transfer of Mr. Robert H. Winters of Lunenburg, Nova Scotia, from the position of Parliamentary Assistant to the Minister of National Revenue to that of Parliamentary Assistant to the Minister of Transport.

I announce further the transfer of Mr. Thomas Reid of New Westminster, British Columbia from the office of Parliamentary Assistant to the Minister of Fisheries to that of Parliamentary Assistant to the Minister of National Revenue.

It will be recognized at once that it would not be advisable that the parliamentary assistant in the Department of Fisheries should be from the same province as the minister of that department. The transfer of Mr. Reid from the Department of Fisheries to the Department of National Revenue will fortunately leave an opening for the appointment of a parliamentary assistant to the Minister of Fisheries from another province which, up to the present time, has not had representation in the house by way of a parliamentary assistant.

Mr. GRAYDON: The Scotch and the Irish will collect the taxes from now on.

Mr. MACKENZIE KING: I wish also to express my pleasure in announcing the appointment of Mr. Leslie A. Mutch, of Winnipeg, Manitoba as Parliamentary Assistant to the Minister of Veterans Affairs. The house will recall that a short time ago a vacancy was created in that position through the resignation of Mr. Walter Tucker, who had formerly occupied that position.

Finally, I have much pleasure in announcing the appointment of Mr. J. Watson MacNaught, of Summerside, Prince Edward Island, as Parliamentary Assistant to the Minister of Fisheries.

While it is not necessary to table the orders in council respecting these several appointments, I think it might be advisable to do so, and I therefore table the orders respecting the ministers and parliamentary assistants.

Mr. ANGUS MacINNIS (Vancouver East): I had a question for the Prime Minister this morning in regard to representation in the cabinet for British Columbia, and I am glad that I have not had an opportunity to ask him. I wish to be the first to congratulate the hon. member for Victoria, B.C., (Mr. Mayhew) upon his appointment to the cabinet.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I certainly speak for all members associated with me in our party in expressing regret that Mr. Glen has felt it necessary to resign, and to say a word of appreciation of his services, both as Speaker and as minister of the crown. Naturally one congratulates the others.

REPORTS OF COMMITTEES

First report of the joint committee of both houses on the library of parliament.—Mr. Speaker.

Second and third reports of the special committee on the Dominion Elections Act, 1938. —Mr. Harris (Grey-Bruce).

SUBSIDIES AND SUBVENTIONS

REFERENCE TO INFORMATION GIVEN IN ORDERS FOR RETURNS

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, on a question of privilege, may I say that in a return tabled on February 23, 1948, in answer to a question of mine, information regarding the payment of moneys under the war emergency training program was given in full by the Department of Labour. In a return, sessional paper 186B, May 17, similar full replies were given by the Minister of Agriculture, the Minister of Finance and the Minister of Fisheries. But a letter contained in the return from the deputy minister of trade and commerce withholds the same type of information on the ground that "it is not considered to be in the public interest to give information as to subsidies paid to individual concerns."

Evidently, in view of the other information in this return and the return of February 23, this statement of the deputy minister is not correct, and in my opinion is an interference with the privileges and rights of the members of parliament, who should be able to secure details of the expenditure of public moneys appropriated by or under the control of parliament.

I therefore request that the Secretary of State table the information asked for under the order of this house of February 25 moved by the member for Maple Creek (Mr. McCuaig).

COMMITTEES OF THE HOUSE

BANKING AND COMMERCE—PRICES—CHANGES IN PERSONNEL

Hon. LIONEL CHEVRIER (Minister of Transport) moved:

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

That the name of Mr. Irvine be substituted for that of Mr. Zaplitny on the special committee on prices.

Motion agreed to.

JAPANESE

ORDERS IN COUNCIL RESPECTING PROPERTY IN CANADA

Hon. COLIN GIBSON (Secretary of State): Mr. Speaker, in accordance with an undertaking given last night to the hon. member for Eglinton (Mr. Fleming) during consideration of my estimates, I wish to table two copies of order in council P.C. 1810 of July 18, 1947, and two copies of order in council P.C. 3737 of September 17, 1947, with regard to Japanese property.

GOVERNMENT ANNUITIES ACT

PROVISIONS AS TO ISSUE, CONVERSION AND AMENDMENT

Mr. PAUL E. COTE (Parliamentary Assistant to the Minister of Labour) moved for leave to introduce Bill No. 343, to amend the Government Annuities Act.

Mr. KNOWLES: Explain.

Mr. COTE (Verdun): The chief purposes of the bill are to provide greater flexibility in the provisions of the Government Annuities Act relating to the issue, conversion and amendment of annuity contracts and payments thereunder, and to clarify provisions of the act which have given rise to legal or technical difficulties in the administration thereof.

Motion agreed to and bill read the first time.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Hon. ALPHONSE FOURNIER (Minister of Public Works, for the Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution.

That it is expedient to bring in a measure to authorize the Canadian National Railway company to issue securities not exceeding $85,882,200 in principal amount to provide the moneys necessary to meet capital expenditures made or capital indebtedness incurred during the calendar year 1948; to authorize the governor in council to guarantee the principal, and interest of securities issued by the company for the purpose aforesaid; to authorize the making of temporary loans to the said company secured by such securities and not exceeding $85,882,200 in principal amount to enable the said company to meet such expenditures and indebtedness; with authority to give financial aid and assistance to other companies of the said national system and to authorize the Minister of Finance to place at the disposal of the national company or the Trans-Canada Air Lines, such amounts as may be necessary to enable them to pay operating and income charges if at any time in any year the available revenues of the national railway system or the Trans-Canada Air Lines and subsidiaries, respectively, are not sufficient to pay such charges: Provided that all such amounts shall be reimbursed to the Minister from the recipients' annual revenues in so far as such revenues are sufficient, any insufficiency to be provided for by subsequent deficit appropriation by parliament.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

HOUSING

OWNER OCCUPANCY OF HOUSES PURCHASED BY VETERANS

On the orders of the day.

Mr. GORDON GRAYDON (Peel): Mr. Speaker, I should like to direct a question to the Minister of Finance or his parliamentary assistant. I find great difficulty in rearranging my thoughts with respect to the various changes that have just been announced; therefore if I direct my question to the wrong member, perhaps I may be excused at this stage.

Mr. GRANT: A lot of changes, the same as in Toronto.

Mr. GRAYDON: I notice you were not included, so perhaps I may proceed.

May I offer a word of congratulation to the new Minister of Fisheries and express the hope that this time there will be some permanency—at least until the next general election—in his appointment. I have always felt a little sorry for the finny tribes of Canada, in that they never get a chance now to know the minister who is supervising their activities. I sincerely congratulate the minister as a very popular member of this house.

I should also like to express on behalf of our party our deep regret that, on account of

ill health, Hon. J. A. Glen has found it necessary to sever his connection with the cabinet. We shall all recall his excellent work as Speaker of this house, and his courtesy and efficiency in administering the Department of Mines and Resources, of which he has had charge for the last few years. All of us I am sure wish for him a speedy and permanent recovery from what we hope is just a temporary ailment.

When I have had an opportunity, as the Prime Minister often says, of studying the other changes, and finding out who are the parliamentary assistants to whom, I shall have a word of congratulation for them; because they are all very good friends of ours.

I would ask the parliamentary assistant to the Minister of Finance whether consideration is being given to making it easier for veterans to get possession of the houses they have purchased from those now occupying them as tenants. I understand that the government has had the matter under consideration, and I should like to know what progress has been made, and whether any announcement will be made before the end of the session.

Mr. BELZILE (rising):

Mr. R. W. MAYHEW (Victoria, B.C.): Mr. Speaker, probably on this occasion the parliamentary assistant to the Minister of Finance will allow me. I want to thank the Prime Minister for the honour he has conferred upon me and upon my constituency. I hope that I shall be able to do justice to the department to which I have been appointed as minister. I also want to thank the members of the house for their very kind reception of the announcement, and I hope I shall be able to retain their good will.

I think the question asked by the hon. member for Peel (Mr. Graydon) should be directed to the Minister of Reconstruction and Supply, because it has to do with a matter which is entirely in the hands of that department.

Mr. GRAYDON: Mr. Speaker, I was hoping I would not have an answer like that, because surely, after all these changes and additions, more work is not to be given to the minister of reconstruction. I had in mind a matter which comes under the rental control branch of the wartime prices and trade board, not the department of reconstruction.

Mr. MAYHEW: I do not think it comes under our department, but I will look into it, and I am sure the parliamentary assistant will give my hon. friend an answer later.

[Mr. Graydon.]

Mr. GRAYDON: May I ask the Prime Minister if he will take the matter up tomorrow with the cabinet and find out who is responsible?

Mr. MACKENZIE KING: I am sorry, but I shall be in Toronto tomorrow for a very important engagement.

Mr. GRAYDON: I said Monday.

Mr. MACKENZIE KING: If my hon. friend will look at *Hansard* he will see he said "tomorrow".

MAPLE HILLS, CHARLOTTETOWN, P.E.I.

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): I should like to direct a question to the Minister of Reconstruction and Supply. Is the minister prepared to make a statement with reference to Maple Hills housing problem, Charlottetown, Prince Edward Island?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): There has been some correspondence on the matter between the federal government and the provincial government. It is not fresh in my mind, but I shall be glad to review the correspondence and make a statement later.

FEED SHORTAGE

INQUIRY AS TO HAY LAND ON CATTALO RESERVE

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, in the absence of the Minister of Agriculture may I direct a question to the government? In view of the serious feed shortage in the neighbourhood of Wainwright, Alberta, will the Department of Agriculture reconsider its decision to reserve four sections of good hay land on the Cattalo reserve, and issue permits for local cattle men to obtain much needed hay?

Hon. ALPHONSE FOURNIER (Acting Minister of Agriculture): Mr. Speaker, in the absence of the Minister of Agriculture I have been asked to make the following reply: The matter of reserving hay lands at Wainwright, Alberta, will be reviewed by the Department of Agriculture.

HEALTH AND WELFARE

PRINCESS ELIZABETH HOSPITAL FOR AGED AND INFIRM, WINNIPEG

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): May I ask the Minister of National Health and Welfare whether he can

now give an answer to my question of two days ago in regard to the Princess Elizabeth Hospital in Winnipeg?

Hon. PAUL MARTIN (Minister of National Health and Welfare): Mr. Speaker, I thought I had explained the situation to the hon. gentleman privately, but since he has asked the question, may I say that my parliamentary assistant, who is also a member for Winnipeg, had spoken to me about the matter several days before the hon. member raised the question in the house.

Mr. KNOWLES: But the minister did not even know about it when I questioned him in the house the other day.

Mr. MARTIN: What the hon. gentleman should have said is that when he put his question the minister did not recall the particular incident. The question raised by the hon. member is one that I think can properly be discussed on the supplementary estimates in connection with the new health program, when I shall deal with that and similar questions.

FLOOD CONDITIONS

INQUIRY AS TO RELIEF FOR BONAVENTURE COUNTY

On the orders of the day:

Mr. BONA ARSENAULT (Bonaventure): Mr. Speaker, I wish to direct a question to the Minister of Public Works. I am well aware of the rule of the house that questions have to be brief and to the point, but in this particular instance my question is in connection with a disaster which has just occurred in my constituency, and I beg the indulgence of the house.

I have just returned from an inspection tour of the flooded areas of Bonaventure county, where I have conferred with several local delegations. The population of Bonaventure county living in the valleys of Nouvelle West river, Cascapedia river and Bonaventure river, as well as other districts, have been severely flood-stricken and have suffered loss and damages to the extent of over one million dollars.

For one full week, all communication by train and by highway was cut off between Bonaventure county, on the south shore of the Gaspe coast, and the rest of the province, on account of railway and highway bridges having been washed out.

At Nouvelle West there is a large area of cultivated land still lying under water, owing to the fact that the Nouvelle river went out of its original channel to form three new channels to the sea.

Some hon. MEMBERS: Order.

Mr. ARSENAULT: What would the Minister of Public Works be prepared to do in order to help and relieve the flood-stricken population in Bonaventure county?

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. May I remind hon. members that I have been very generous in the last two weeks to hon. members who have asked questions concerning flood conditions in their constituencies. Hon. members should be fair to the hon. member who is asking the question.

Mr. ARSENAULT: Alongside the Cascapedia river, in the Barry Mountain district, a road which is essential to lumber operations has been washed out for a distance of about thirty miles. It is estimated that 50,000 cords of pulpwood have been driven to the sea by the flood. My question is: what would the Minister of Public Works be prepared to do in order to help and relieve the flood-stricken population of Bonaventure county?

Hon. ALPHONSE FOURNIER (Minister of Public Works): I believe I shall have to give the hon. member the answer I have given to other hon. members who brought their cases to my attention. Flood conditions generally do not come under the control of the federal government. We may take up the instance of a national disaster such as has occurred in British Columbia, but not ordinary flood conditions. Where navigation is unimpeded, we have no jurisdiction. That comes under provincial jurisdiction. If I understood the hon. member correctly, he said that a road has been covered by water. Roads come under the provincial government. I believe the provincial government has the responsibility of maintaining the roads or protecting them from damage.

Mr. ARSENAULT: I wish to direct a question to the Minister of Transport. My question is in connection with the floods and washouts experienced in the Nouvelle West district, Bonaventure county, when the Nouvelle river flooded a large area of farming land north of the Canadian National Railways line, and then washed out three new channels to the sea. Will the Minister of Transport give consideration to securing the assistance of the Canadian National Railways in order to take up with the federal government, the Quebec provincial government, as well as the Quebec drainage commission the question of having the Nouvelle

river in Bonaventure county returned to its original channel, known locally as the Mercier channel? A return of the river to its former channel, however, will not entirely handle the spring freshets in that district, and the Canadian National Railways should leave sufficient openings at their bridges to drive piling at mileage 32·8 and 33, in order to allow the excess of water to pass through without causing washouts in the future.

Hon. LIONEL CHEVRIER (Minister of Transport): I shall be glad to ask the officials of the Canadian National Railways to ascertain what the position is, and I shall give my hon. friend the reply as quickly as I can.

OLEOMARGARINE

REQUEST FOR REFERENCE TO SUPREME COURT OF CANADA

On the orders of the day:

Right Hon. J. L. ILSLEY (Minister of Justice): Yesterday the hon. member for Broadview (Mr. Church) asked whether the government would give consideration to referring to the Supreme Court of Canada the question of the constitutionality of the provision of the Dairy Industry Act prohibiting the sale and manufacture of oleomargarine. Later in the day a resolution was passed in another place expressing the opinion that such a reference should be made. Under the circumstances the government will give consideration to the question.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF TRADE AND COMMERCE

440. Departmental administration, $272,600.

The CHAIRMAN: Shall the item carry?

Some hon. MEMBERS: No.

Right Hon. C. D. HOWE (Minister of Trade and Commerce): Mr. Chairman, may I make a statement? A request was made that we do not proceed with this item at this time. If it is the wish of the committee I am willing to let the item stand and go on with item 441, foreign trade services.

Mr. MACDONNELL (Muskoka-Ontario): I shall be grateful if the minister will follow that procedure.

The CHAIRMAN: Item 440 stands. I should remind the committee that when I call the items we shall have to discuss the matters which are strictly relevant to the vote under consideration.

Item stands.

[Mr. Arsenault.]

Foreign trade services—

441. Commercial relations and foreign tariffs division, including contribution of $2,800 to international customs tariffs bureau, $102,513.

Mr. ISNOR: This item deals with commercial relations and foreign tariffs division. I think this is the item on which I should like to make a few remarks because of statements made by certain hon. members of the opposition about the Department of Trade and Commerce, and particularly about the trade commissioners.

As a member of the banking and commerce committee, it has been my privilege to listen to witnesses appearing before that committee to explain the Geneva trade agreements and other matters regarding trade. As a businessman I wish to pay tribute to the excellent work being carried on by this department. When I say that I believe I am expressing the views of a great many people in Canada. It is not my habit to pay compliments to officials but I realize that we have efficient men carrying on in all the departments, and I think they are outstanding in the Department of Trade and Commerce. In view of the favourable remarks made by the Halifax board of trade when a group of representatives from the Department of Trade and Commerce visited that city, I felt I should say what I have just said. We are fortunate in having so many efficient men in this department.

I am particularly interested in the export and import officials who appeared before the banking and commerce committee of last year. They explained in detail their work and the manner in which they were bringing more business to our country.

I wish also to make a brief reference to the publication entitled "Foreign Trade" which is put out by the department. It is a valuable publication, and is of real help to those interested in the development of our import and export trade. I compliment those who are responsible for it. I have before me a letter from a bank manager in Nova Scotia commenting on the valuable and useful information that he and others derive from its pages.

May I call the attention of the minister to the international wheat agreement and to ask certain questions about it. I take it for granted that it has some connection with the Department of Trade and Commerce.

Mr. HOWE: Ratification of the international wheat agreement is the subject matter of a notice of motion which appears on the order paper. I submit that it is hardly in order for the hon. member to discuss it now.

Mr. ISNOR: Then I approach the matter in another way, in an effort to get this ques-

tion cleared up. I have in mind the method of approach adopted by the hon. member for Muskoka-Ontario. When he cannot get his answer by one means he tries another. I do not wish to enter by the back door, but I feel that this is a question in which we are all interested, and perhaps certain clauses might be considered for the very reason the minister has mentioned, that is to say, that the agreement has not yet been fully approved.

Mr. HOWE: Mr. Chairman, I ask for your ruling. Is it in order to discuss that subject now, in view of the fact that it is on the order paper?

The CHAIRMAN: The following resolution appears on the order paper under government notices of motion:

Resolved, that it is expedient that parliament do approve the international wheat agreement opened for signature at Washington on March 6, 1948, and that this house do approve the same.

In view of that notice of motion, I must rule that it is not in order to discuss the matter under the item now before the committee.

Mr. ISNOR: I shall be pleased to abide by your ruling, Mr. Chairman. I hope to discuss the matter on a later occasion, but I would ask the minister to be good enough, in connection with all agreements into which Canada enters, to give consideration to the shipment of goods through Canadian ports. That should be definitely written into every agreement made by the Department of Trade and Commerce; otherwise I do not know how we shall get the business that rightly belongs to us. If someone is selling or buying goods, it is his privilege to indicate to the buyer or the seller, as the case may be, whether he wishes the goods shipped by freight, express, water, or rail, and whether they should be shipped via Canadian National or Canadian Pacific, to suit his convenience. I suggest that this principle should obtain in all agreements made by the Department of Trade and Commerce. There is no reason why a clause could not be written into such agreements to ensure that we shall enjoy the business that can be derived from the shipment of goods through Canadian ports. I have particularly in mind the situation that arose last year, and that is why I was going to ask the minister some questions in that regard. I am thinking of the statement made by the food minister in the British House of Commons last year, that, owing to the fact that the St. Lawrence had frozen, the British government were unable to ship through eastern Canadian ports in the winter months and were obliged to ship through Canadian Pacific coast ports and United States railways and ports. I think the minister should safeguard our interests so that in future we shall not be faced with a foolish situation such as arose at that time. Perhaps he will be good enough to indicate whether such a clause as I suggest could be written into all agreements.

Mr. GILLIS: I wish to get some information, and at the same time to support the senior member for Halifax in what he has said in regard to the Department of Trade and Commerce regulating shipments of goods and materials they may be sending from Canada to foreign markets. I suggest that as far as possible there should be a balance in goods shipped as between port and port in Canada. The member for Halifax has a legitimate grievance as to the way in which that port has been used since the end of the war. During the war it was a very important port,—

Mr. ISNOR: And still is.

Mr. GILLIS: —which was cluttered up with ships from all parts of the world, and the city took a terrific beating in its efforts to accommodate war personnel and provide refuge, rations and so forth for ships from various ports. In other words, in time of war it was a handy port; since then it has been completely forgotten. Not so long ago I was in that city and I saw people cutting grass off the plot in front of the little railroad in connection with one of the piers.

Mr. HOWE: Wherever you have a railroad hauling wheat you will find something growing beside it.

Mr. GILLIS: I am talking about the way the port has been neglected, and I think the increase in freight rates has aggravated that condition.

The CHAIRMAN: Order.

Mr. GILLIS: I am discussing foreign trade, which is the item before us.

Mr. HOWE: Perhaps I could shorten the discussion by saying that increases in freight rates do not apply to the export of wheat.

Mr. GILLIS: I am not talking about wheat at all. I am not mentioning wheat. I am referring to imports which normally would be unloaded at Halifax and shipped by rail. Ships that were partly unloaded when the new rates went into effect were taken to United States ports and came up the lakes or went to Montreal, and the result was that the eastern end of the Canadian National lost money. In my opinion it will continue to lose money as a result of that increased rate.

Mr. DICKEY: Can the hon. member give the details of any particular instance? I should be interested to hear them.

Mr. GILLIS: I have already done that in the house by questioning the minister on the strength of telegrams received from Halifax during this session. The minister already has the details of at least two ships that were affected in that way. I have not the information at my fingertips; it is in my room.

Mr. ISNOR: My colleague went fully into that.

Mr. GILLIS: I do not know anything about what the hon. gentlemen's colleague has done. If he knows the answers, he should not be asking me questions.

Mr. DICKEY: Read *Hansard* and you will see the answers.

Mr. GILLIS: I have already had the answers from the minister, and am not satisfied with the deal which the port of Halifax is getting.

Mr. ISNOR: We are glad of your support.

Mr. GILLIS: I do not think the senior member for Halifax is satisfied either, but I am doubtful about the junior member for that city. I am merely adding whatever weight I can to the representations of the senior member for Halifax. There is rank discrimination against that port. However, what I did get up to say was this. The department keeps elaborate statistics and turns out good information on our imports and exports. Are there any statistics in the Department of Trade and Commerce with regard to our internal trade as between province and province?

Mr. HOWE: No.

Mr. GILLIS: Perhaps there is a reason why such statistics are not kept, but I am seriously suggesting that they should be. If it is necessary for a person to ship goods from the maritimes to Vancouver, he is in the same position as if he were competing in world markets; or he may even be in a worse position. A large volume of trade flows between province and province. Different conditions exist as between province and province, and there are differences in the cost of production. The cost of marketing in the central provinces goods produced in the others is so great that it is time the government began to keep statistics with a view to achieving some kind of trade balance between one end of the country and the other.

What I see growing up in Canada is not the united nation we talk about. Greater division is setting in all the time, arising out of economic inequalities. If we are to build Canada into a nation, we must at least begin to recognize the right of every section of the country to an equal share in what we are producing, and, as nearly as possible, to equality in income. If we do not recognize that right, before very long British Columbia and the prairie provinces will be trying to go off in one direction in order to look after themselves and the maritimes will be forced to do likewise. It has been made clear that there is no thinking in this country east of Montreal.

Mr. FULTON: And none west of Fort William.

Mr. GILLIS: And none west of Fort William, as the hon. member says. I am sure of what I am saying about east of Montreal. No matter what comes up, it ends at Montreal. The rest of the country to the east is just held there for taxation purposes and as a base from which to operate in case of war—or that is what it looks like to me. I am not blaming the present minister. I have often felt sorry for him, because he has been chucked into every difficult problem the government has had to handle. But his shoulders are broad and I believe he is fair. If he were permitted to do as he would like to do, the situation might be different. I am asking him if it is possible, starting from now, to keep statistics as to the flow of trade between province and province. If we were getting a little booklet monthly on this subject, as we are on foreign trade, it would be a great education to hon. members and to the public generally to see just how unequal that balance of trade is as between province and province. I sometimes think we are whistling in the dark in order to keep up our courage when we talk about the united nations, government at the world level, and freedom of trade between country and country, when right here in Canada we do not have that and are not trying to get it. A good start would be the compilation of such statistics as I have mentioned.

Mr. HOWE: To answer the question asked by the senior member for Halifax, may I say that the Department of Trade and Commerce has an active transportation commissioner whose duty it is to see that trade is directed through Canadian ports to the greatest possible extent. The department is neither the buyer nor the seller. In ordinary commerce the buyer dictates the route by which goods will travel to market. If the traffic statistics of the port of Halifax in pre-war days are compared with those of today, I think the hon. member will find that great strides have been made in the movement of Canadian products to that port.

To reply to the hon. member for Cape Breton South, I can think of no good purpose

that would be served by considering the movement of trade over provincial boundaries. Trade is a national affair, and every effort should be made by all governments to see that no interprovincial boundaries are set up. On occasions in the past, artificial restrictions have been attempted with regard to trade crossing a provincial boundary. They have always been resisted by the federal government, and I think that is the proper course. I believe we must regard trade in Canada as national in character rather than provincial.

Mr. GILLIS: I did not suggest any tariff arrangement between province and province. I merely suggested the compilation of statistics so that we could get a look at the flow of trade between province and province—for example, on a dollar basis, the amount of goods shipped from the maritimes to Ontario and Quebec. What is coming out of those provinces?

Mr. HOWE: Coal and steel.

Mr. GILLIS: On a dollar basis we get back perhaps ten cents for every dollar they take in.

Mr. HOWE: No. You are exporting from the maritime provinces far more than you import.

Mr. GILLIS: We do?

Mr. HOWE: Yes.

Mr. GILLIS: Oh, no.

Mr. HOWE: Certainly you do.

Mr. GILLIS: What we export is our people and raw material. It is processed up here, and then we buy it back. We export one third of Canada's basic steel, but it is processed in Ontario and Quebec.

Mr. HOWE: Oh, no.

Mr. GILLIS: Then we buy it back.

Mr. HOWE: Three-quarters of it is processed in the maritime provinces.

Mr. GILLIS: Where?

Mr. HOWE: At Sydney and New Glasgow.

Mr. GILLIS: There is no processing at Sydney at all. Sydney is just a raw material plant.

Mr. DICKEY: Before we leave the item relating to foreign trade, I should like to say a word with respect to trade through the port of Halifax. The minister is correct when he states that the volume of business through that port at present compares favourably with the pre-war volume of business.

Mr. GILLIS: So you are back to 1939.

Mr. DICKEY: No; we are well above 1939. But what we want to avoid is a return to the days of 1939 and those preceding. What we are interested in is to try to have as much of the maritime business as possible put through the port of Halifax. I trust that the officials to whom the minister has referred will do everything they possibly can to keep the Canadian export and import trade moving through Canadian Atlantic ports. After all, parity of rates is maintained, and exporters and importers should be urged to use Canadian channels.

My question to the hon. member for Cape Breton was prompted by the fact that he appeared to refer to the effect of the freight rate increase in diverting trade from the port of Halifax. Two instances were suggested right after the increase came into effect, in which it was alleged that these increases in rates had diverted trade from Halifax. Those cases were immediately investigated and were discussed by me and other members in this house. From the remarks made by the hon. member for Cape Breton South I presumed he had heard of other instances which have not been brought to my attention. From his answer to my question I realize that he was simply discussing the two cases that had been thoroughly investigated and found not to have any basis. I do not think the port of Halifax or any other port can be assisted by trying to make cases that do not exist.

Mr. GILLIS: The answer given by the minister in the house did not suggest there was no basis for the complaint from Halifax. Actually two ships were in process of unloading. They battened down their hatches and left; and the longshoremen's union, who were working on the job, made the complaint that, in effect, it was the result of the freight increase. I have seen editorials in Halifax papers supporting that argument. I am not a fortune-teller. But actually, two ships did pull out for the reasons I have suggested, and these are supported by the men who worked on the job. At the time, the minister said it was not because of the freight rate increase. Hon. members may accept that statement if they wish. I am still doubtful. I do not doubt the minister's word, but I would think there was a real reason for the ships leaving Halifax harbour at that time.

Mr. CHURCH: This item refers to commercial relations and foreign tariffs division, including a contribution of $2,800 to the international customs tariffs bureau. There has been a complete change in the set-up of the department. This is a practically new division. If we turn to page 251 of the estimates we

find the details for this item. This new division deals with tariffs and exports, and in my view it upsets the whole policy of the department as it has operated since confederation. As to the reference in the item to the international customs tariffs bureau, I say that is where our trouble started—over at Geneva, with these foreign bureaux. Trade in grain and cattle used to flow east and west to the overseas market of the world. Now, however, because of these Geneva pacts, a great change in exports and imports has been made, and this new division has been created. We are upsetting the whole trade and commerce of this country as it has operated since confederation, and this change has come from Geneva. Trade and commerce is the lifeblood of this country. Under former ministers and the present one we have become the fifth trading nation of the world. The department has done excellent work, but our trade commissioners throughout the world have been duplicated most unnecessarily by those from other departments.

The businessmen and working class depend upon trade for their work. I do not believe in the department's new policy of going all over the world and arranging new divisions. I say that all this trouble started in the international customs union. I believe our trade agents throughout the world have done good work. One has only to visit the international trade fair to realize the truth of that statement. I hope those who did not see the fair the Saturday before last will see it tomorrow, because that is the last day. The trade fair is housed in the coliseum which was built by the city. The government has helped to the extent of only $100,000 for a trade and commerce building at the exhibition grounds. The city of Toronto has spent nearly $30,000,000, of its own volition for ground buildings and permanent exhibits; it received only a small grant.

Mr. TIMMINS: Following what has been said by the hon. member for Broadview, hon. members must have been chagrined to read in the press last night that there had been some criticism of the international trade fair by some of the exhibitors from Great Britain. I believe hon. members who attended were more than pleased and gratified with the exhibits and the progress the various exhibitors told us they were making. I am not for one moment attempting to foment criticism, but I would ask the minister to see that investigation be made or some attention given to the complaints, and an answer made to those who, in a way, have tried to pour cold water on the benefits which, as I believe all hon. members will agree, have resulted from the international trade fair.

Some time ago we were told in the press that the fair would be held again next year. I should like to hear some cheering words from the minister about the fair held this year, and I suggest that the rumours that the fair has not been a success should be quashed.

The publication "Foreign Trade," put out early last year by the Department of Trade and Commerce, has been well received by industry and commerce in Canada. In my own constituency of Parkdale I have sent out a great number of issues of this publication. I know that one person, who was engaged in the forwarding and shipping business, sending goods to all parts of Canada and to Great Britain, found the publication of such great interest that he immediately communicated with all the trade commissioners appointed by Canada, and by so doing has made a direct contact for business to flow to those various countries.

A few moments ago the minister said that he had an active transportation commissioner here in Canada, but he also pointed out that the buyer is the one who dictates the route by which goods are shipped. I am satisfied from my own experience in business that industry in Canada does not know the routes, and does not know the way it should be shipping goods. I am pleased to know that the publication to which I refer has had the effect of informing the public to some extent as to how they should go about it. If I might offer a suggestion, I would say the department should find ways and means of placing in the publication further information respecting transport.

Most of the people engaged in industry are looking for new markets abroad. As some of our markets in some of the sterling area countries seem to be drying up, our trade commissioners, who have done a good job, should make their positions just that much more active. We live by trade in Canada; it is the backbone of our country, and we must back up this particular branch of our Department of Trade and Commerce.

Mr. HOWE: Referring to the trade fair, let me say that there are about 1,500 exhibitors, representing most of the nations of the world. Of that number, many are doing good business, while others are not. That is bound to be so. I have talked to a good many exhibitors and, by and large, they are happy about the fair and intend to return next year. But there are those whose goods are priced out of line and they are not able to sell them. I understand that that is true of a few English firms.

The real test of the fair will come next year when we see how many exhibitors of this year will pay the fees for the privilege of exhibiting next year. All the information we have now is that the fair next year will be even more successful.

Mr. ADAMSON: Is it intended that the fair shall be an annual event?

Mr. HOWE: We are going to hold the trade fair next year, anyway.

Mr. CASE: I think we all appreciate the significance of the trade fair. I want to thank the minister for his invitation to attend the opening ceremonies and view the exhibits. It was a unique opportunity to see the products of various countries. I believe that much good will come from it, inasmuch as those who are exhibiting will have an opportunity to become better acquainted with the products and the producers of other countries.

With the hon. member for Parkdale, I think that this is one department of government with which we should all be most vitally concerned. Canada is a tremendous producing country. Probably we would have a better appreciation of our productive capacity if we looked back at the production during the war. If we are to survive we must cultivate the old markets and seek new and greater ones. I am glad to see the interest that is being taken in maintaining and possibly improving our present position. We produce far more than we can consume, and we must have an outlet for our surplus products.

There is a matter I want to discuss which is related to this item but which runs through all the various items of this department and of others. Perhaps the minister can give an explanation which will serve to answer for all. I am referring to the items for temporary assistance. In this item there is an amount of $49,551 for temporary assistance, while the total for all the items for the department is upwards of $1,500,000. What I am anxious to find out is how these people are employed and what qualifications they must have. Are they under the civil service? How are their appointments made? What is the average period of their employment? Are they seasonal employees? Why is this item of temporary assistance in every estimate?

Mr. HOWE: At the moment the department has a total of 3,447 employees, of whom 449 of the staff in Ottawa and 760 of the staff outside of Ottawa are permanent. The temporary staff in Ottawa amounts to 1,413, of which 1,091 are in the bureau of statistics. My hon. friend will appreciate that the work of the bureau fluctuates. When the bureau is taking a census there is a big expansion, and in between times the requirements are for fewer employees. Aside from that I do not think the proportions are out of line with those of the other departments.

I could not say how long some of these temporaries have been employed. My hon. friend will appreciate the fact that during the war the Department of Munitions and Supply and the Department of Reconstruction and Supply were temporary departments and all the employees were temporary. The practice of this department is not any different from that of the other departments in the division between permanent and temporary employees.

Mr. CASE: I do not suggest that the temporaries in the minister's department are out of line with those in other departments. Are these temporaries full-time employees?

Mr. HOWE: They are full-time employees appointed by the civil service commission, in the same way as other employees, but they have not obtained permanent status.

Mr. JACKMAN: Can the minister tell us more about the system? Does the civil service commission or the department recommend the appointments? In this case the salaries of the permanent employees total approximately $39,000, while those of the temporary assistants total $49,551. Apparently there are not many persons involved, because I imagine that those with permanent status would be relatively few. I take it their salaries would be the higher of the two classifications. There must be a large number of persons in the $49,000 group. Do they have to be with the department a year? What is the system? This all seems rather odd; one would not find it in any other type of business with which the minister is familiar outside of government administration. I should think the temporary nature of the employment must have some effect on the morale of the workers, particularly if they are kept on year after year on a temporary basis. If their morale is affected, that in turn affects the work and efficiency of the department.

Mr. HOWE: When any person enters the public service he does so as a temporary, and there is a minimum requirement of one year's service before he can be made permanent. Usually more time than that is allowed to elapse before he is made permanent. The example to which the hon. member has referred is a new branch. In the import division there are 45 employees, of whom seven have been made permanent and 38 are temporary. As the branch grows older,

more permanent positions will be established and more temporaries will be moved into those positions.

Mr. JACKMAN: I believe it is the foreign trade services vote we are dealing with at the moment. There is nothing out of line there in the ratio of permanent and temporary employees; in fact it is rather in favour of permanent employees in comparison with other items having to do with the Department of Trade and Commerce. I want to find out if there is any hard and fast system which might keep only ten per cent of employees on a temporary basis, as is done in the post office, or do the employees know where they stand when they seek a position with the department? Surely there is some system.

Mr. HOWE: It is the system that applies to the whole public service. A man enters as a temporary, and after a certain time when positions are set up—

Mr. JACKMAN: How long?

Mr. HOWE: The system is pretty well operated by the civil service commission. As a matter of fact when a man enters the employ of the department he is under the direction of the civil service commission. At a certain time his status is changed from temporary to permanent.

Mr. JACKMAN: If it is a certain time, it is not an uncertain time; what is the time?

Mr. HOWE: A minimum of one year.

Mr. JACKMAN: That is most uncertain. The minister appreciates the significance of my question?

Mr. HOWE: He certainly would have to wait a year, anyway.

Mr. JACKMAN: Can the minister say how many of the temporary employees included in the $49,000 item have been there less than one year, and how many have been there three years? Can he give me some indication of the length of time they have been serving in the department?

Mr. HOWE: My hon. friend is discussing the commercial relations and foreign tariffs division, vote 441?

Mr. JACKMAN: The vote we are on now. It is a small item.

Mr. HOWE: I was looking at the import division when I gave the other figure. There are 28 employees in the commercial relations branch, of whom 12 are permanent and 16 are temporary. I think my hon. friend will find that the salaries are in about the same proportion.

[Mr. Howe.]

Mr. JACKMAN: I am surprised to know that, because one would think that the permanent employees would be the senior men and would get substantially more than the temporaries. Surely positions commanding salaries, for instance, of $4,800 and $3,400. should be entitled to permanent status after a reasonable length of time during which it can be determined whether their services are satisfactory and they can pass the required examination. I again ask the minister if he knows how long these sixteen temporary assistants have served, how many have served one year, how many have served two or three years, and so on.

Mr. HOWE: Four or five have been taken on in the last few months. I would have to get the individual records of each person to give my hon. friend the information he wants.

Mr. JACKMAN: There is a minimum requirement of one year's service as a temporary before an employee can be made permanent, and the only certainty in the department seems to be the uncertainty as to how long a person must work as a temporary before he is made permanent. This item comes up time after time in the estimates, and I think we should know exactly what the situation is. Surely after one year's service a man would have demonstrated whether he was efficient enough for permanent status.

Mr. MacNICOL: Mr. Chairman, I feel I should rise now in view of some remarks made about the Canadian international trade fair in Toronto, lest an erroneous impression be sent out across the country as to the success of the fair. I had intended to speak about it on another item, but in view of remarks that have been made I should like to say, as a business man with many years of experience in manufacturing and in big business, that the fair is a pronounced success. I read an item in the papers about the non-success of the fair, but that item was erroneous. I had the opportunity of discussing the fair with many exhibitors, and all with whom I spoke were enthusiastic about it. A booklet has been published about the fair, and eighty-four pages are required to list all the exhibitors. There are in addition two hundred pages of exhibits. In my judgment it is the finest fair of its kind I have ever attended. It is of course the first international trade fair we have had in Canada. It is not in the same category at all with our national exhibition at Toronto, but is strictly a business fair for manufacturers and others. This is evidenced by the fact that

for the first week of the fair the general public were not specially invited. The first week was for the buyers.

As a business man I am proud to say—not from reading about it, but from practical operation of big business—that the fair is a wonderful success. I talked to several big exhibitors, of whom there are quite a number, and I found them all enthusiastic over the success of the fair. One man told me that his company had taken orders for $254,000 worth of their materials, and in lines which for the past few years they had not been able to sell in quantities in the old country. He was just as enthusiastic as he could be, and said that he was not only coming back next year but would bring with him many other exhibitors.

I talked with another exhibitor who had sold £5,500—about $25,000 worth—of the goods they make. He too was enthusiastic about the success of the fair. Nearly all the business men there with whom I talked agreed that it was an outstanding demonstration of what industry can do. The minister said there were 1,500 exhibitors. I did not count them, but I have pointed out that the list of exhibitors covered eighty-four pages in the booklet I mentioned a moment ago. The exhibits ranged all the way from locomotives right down to toys, and there were some wonderful toys there, and manufactured goods of every description.

I was interested in the report of the fair sent out by the Canadian Press, and I think it is worth while to put on *Hansard* a word or two from that report. Their representative had talked with the exhibitors, men who know how to make things and sell them, how to look for business and how to get it. The Canadian Press report says:

> Doctor Kien Shaw expressed the hope that the Canadian International Trade Fair might come to be known as the "Fair Trade".

That is a very good name for it. It goes on to say:

> Doctor Shaw is head of the twenty Chinese exhibitors at the current world meeting in Toronto—

I looked over the Chinese exhibits, which were very interesting.

> —and his words seemed to sum up the eagerness of peoples to work together despite world alarms.

The report goes on to compare the troubled conditions in various countries with the peacefulness found in Canada. I am satisfied that the fair will result in bringing many businesses to Canada.

I was sorry to read the unfavourable report which was mentioned earlier, and I thought it only fair to say from my own experience—and from my own experience I ought to be a judge in matters of this kind—that the fair is a pronounced success, and the fact that many of the exhibitors have already expressed their intention of coming back next year and bringing others with them indicates that to them also the fair has been a great success. It is a great fair, Mr. Chairman, and I hope to see you there tomorrow.

Mr. JACKMAN: The minister did not enlighten us on the question I put. If he is sometimes disgusted with the operations of parliament he should remember that members may be disgusted when they cannot get the information they seek. We still do not know what the system is as to making temporaries permanent. All the minister has told us is that there is a list of temporary employees, and in this particular branch, in relation to the small number of employees which I took as an example, he said that five or six came in during the year. I know nothing about the others, whether three or four of them have served for two or for three years, or what not. If the minister would be co-operative I am sure he would find that the committee would be co-operative with him.

Mr. HOWE: It is hardly the job of the minister to move civil servants around. That is the job of the civil service commission and the personnel officer of the department. My hon. friend picks out a group of fifteen people and asks why they are not made permanent. Perhaps they do not want to become permanent. A great many girls in the civil service are not the slightest bit interested in permanency or in a pension. I can tell my hon. friend that because I know of cases that prove my point. A case came up the other day of a man who had been fifty-one years in one branch, and was still a temporary, because he prefered to be a temporary. I do not know how I can explain the inner thoughts of a group of civil servants whom I do not know personally. My hon. friend has been here a long time, and no doubt has been in contact with the civil service commission. It is not a matter of some general rule. If it were, I could explain the rule to him. It is a matter of the individual's wishes, and not knowing the individuals, I cannot give my hon. friend the information he wants.

Mr. JACKMAN: The average salary is $3,000, and not many of these would be in the classification the minister mentioned. If it is the wish of the employee himself that he be not put on a permanent basis, very well; we have got something. If there is a limit of one year's temporary service, has the department

recommended the permanent appointment of every employee in this little section who has been there one year and who has fully proved himself? Does the commission wait for the recommendation of the head of the department? If the head of the department has not recommended for permanency an efficient civil servant who has been there for one year, why has he not done so?

Mr. HOWE: If we are satisfied that the employee intends to make a career of the public service, usually he is made permanent. If we are not satisfied that he intends to make a permanent job of it, or if we are not satisfied that he can fill his particular niche to the satisfaction of the department in the long run, he is not made permanent. That is about the size of it.

Mr. COCKERAM: There is another item which recurs all through these estimates, namely, sundries, to which I referred yesterday. In this department it amounts to about $160,000, or 1·25 per cent of the total estimates of the department. It seems to me that these are excessive expenses which cannot be specified at the time the estimates are made up. I am beginning to think that instead of having a sundry item for each division or branch of the department, there should be a sundry item for the department itself. This sundry item for the whole department should be under the control of the minister or the deputy minister. Here we have one and a quarter per cent of all the estimates of this department indicated as sundries. I think it should be under one heading.

Mr. HOWE: I think the officers of the department would be all for what my hon. friend suggests, the big blanket item, but I do not think it would be as good for the treasury as it is to have the sundry items limited to small amounts in each particular branch.

Mr. COCKERAM: It is the small amounts that make the big amount in the end.

Mr. ADAMSON: I want to say a word about the trade fair. I think the minister will find that the people who were not able to sell goods at the trade fair were from countries whose currencies were overpriced in terms of world currency. I think that is the main reason.

The very great success of the trade fair was in no small measure due to the officials who staffed it. I should like to pay tribute to Colonel Orme Barrett and the officials who worked under him so effectively for the success of this fair and of the accompanying "world trade week."

[Mr. Jackman.]

Mr. HOWE: Since the subject has been brought up I should like to say that we have a splendid group of officials in charge of the fair. Mr. Bannerman, and his assistant, Mr. Dayton, took the fair in hand with very little to work on. The success of the arrangements and the success of the fair in general are both due to the zeal and imagination that they have put into the project.

Item agreed to.

442. Export division, $197,564.

Mr. FRASER: I noticed in the press the day before yesterday that 3,000 pounds of flour had been seized on an Italian ship in Montreal harbour. Was it seized because these people were unable to get an export permit? The Royal Canadian Mounted Police stepped in, seized the flour and demanded $400 as a penalty or a fine, and said there would be further charges. Is it difficult to get a permit to ship flour out of Canada?

Mr. HOWE: Yes, it is very difficult to get a permit. Flour and wheat are under strict international allocation. Anyone who could buy flour in the domestic market and export it might reap a handsome reward, perhaps double his money, and, in doing so, deprive the farmer of participation in the export price, or rather the world price of the product. I do not know the circumstances of this particular shipment, but I would judge that it was wheat bought in the domestic market and sent into export channels without a permit.

Mr. FRASER: The article said that the flour was bought in local stores in Montreal; therefore they evidently knew that they could not get a permit. I wanted to find out if the department had strict control over that.

Mr. HOWE: Yes.

Mr. MACDONNELL (Muskoka-Ontario): Item 442 and the items following it amount to an expenditure of almost $3,000,000. The items are divided into export division, import division, industrial development division, trade commissioner service, and so on. I want to ask the minister first the general question as to how this whole thing is organized. I have in mind the debate which took place on the passing of the export-import bill a year ago. I formed a great respect for some of the officials who were dealing with that. I want to know just how this shapes up in the minister's mind. We passed the export-import bill a year ago, the duration of which was roughly a year. It was extended this year. I should like to have the minister give us first information as to the likely duration of this. I am not asking him to predict how many months or years it

will last; I am asking him to give us a picture of the kind of trading world we are in at the moment, and in particular the relation between this export and import branch and our trade commissioners all over the world. Are the export and import branches purely controlling branches? Are they merely prohibiting this or that, or are they actually entering into and controlling business?

I want to give the minister an illustration of what happened before the committee. He will know of the kind of thing I have in mind. A year ago we had this illustration which interested me very much. It was pointed out there had to be certain export controls on steel. It was also pointed out that the department was exercising a discretion as to the kind of business which would be allowed an export licence—that is to say, businesses which they thought would be more likely to continue after the reconstruction period were given export licences. On the other hand, those that they thought had less expectation of going on were denied export licences. I mention this only as an illustration of the fact that these controls seem to be entering very largely into the whole course of business.

I recognize the fact that we are living in a world where controls are in the atmosphere. To sum up, I ask the minister to give us in this connection, as I asked last night, a comprehensive picture of the import and export situation. Will he illustrate by saying that certain commodities are restricted, and tell us just how it enters into the whole fabric of the business community? What is the course at the present time? Are things tightening up? Is there less freedom or more? Finally, will the minister state as specifically as he can the relationship between these three organizations, if they are three organizations, namely, import, export and trade commissioners? I take it these are the people who are seeking business all over the world for our exporters.

Mr. HOWE: My hon. friend is going outside the foreign trade services. He is talking about the import permit division.

Mr. MACDONNELL (Muskoka-Ontario): I thought we were on item 442.

Mr. HOWE: Yes, but it does not include the licensing division. If the hon. member will look at item 462 he will see that that section deals with the export permit branch. These are all promotional branches. Item 441 is concerned with furnishing information on tariffs; item 442 promotes exports from within Canada, and item 443 promotes imports into Canada—that is through men working in Canada to promote imports. Item 444 has to do with the industrial development division.

Mr. MACDONNELL (Muskoka-Ontario): Yes.

Mr. MacNICOL: We have not come to that yet.

Mr. HOWE: No. Item 445 has to do with trade commissioner service, trade commissioners located in different countries. Item 446 has to do with trade publicity and advertising in Canada and abroad. We can discuss the licensing division on item 440 when we return to it.

Mr. MACDONNELL (Muskoka-Ontario): I accept the minister's correction. I did not observe item 462, but I now ask the minister this question. As I understand it, item 442, the export division, has to do with a group of people working in Canada to promote export trade.

Mr. HOWE: That is correct.

Mr. MACDONNELL (Muskoka-Ontario): I can understand trade commissioners working abroad to promote export trade. I think I understand the nature of their functions. I do not think I understand fully the functions of those covered by 442. Perhaps the minister will explain.

Mr. HOWE: The trade commissioner reports on the requirements for a certain commodity in South Africa, let us say, or Australia, or some other country. That comes to the department and it is sent to the branch we are now discussing. That branch gets in touch with appropriate manufacturers and says, "We have a market for this commodity; can you supply it?" Information goes back to the trade commissioner that it can be supplied by a certain firm or firms. The branch is simply a link between the trade commissioner and those desiring to export from this country.

Mr. MACDONNELL (Muskoka-Ontario): Would that be small firms who do not themselves maintain a selling staff abroad?

Mr. HOWE: Even firms who do maintain staffs abroad are glad to get the help of the trade commissioner service. It is available to every firm in Canada. It is the business of this branch to know Canadian industry and to know what parts of Canadian industry would be interested in inquiries abroad for certain items.

Mr. TIMMINS: Who heads this particular division?

Mr. HOWE: Mr. Bull.

Mr. STEPHENSON: There are certain products for which we are finding it difficult to get a market. May I discuss the export of apples and tobacco under this item?

Mr. HOWE: I suppose so.

Mr. STEPHENSON: We can now produce more tobacco in Canada than we can use domestically, and therefore there is an exportable surplus. The English market is pretty well shut off at present, by reason of their austerity program, I presume. I understand an effort has been made to find other markets, but I would like to know whether England might be in a position to import some of our surplus tobacco this year. The minister was good enough to meet a delegation and discuss the matter with them, but I do not know whether any further information is available. Has England indicated whether she will import Canadian tobacco this year, or are other markets available for our surplus?

Mr. HOWE: I do not think there is anything to add to what the tobacco industry has been told. We are working on the problem, but there is no indication as yet that we shall be able to sell Canadian tobacco to England. However, the door is not closed, and we hope that sales will be possible.

Mr. STEPHENSON: Has the department made inquiries to find out whether other countries might be interested in our surplus Canadian tobacco?

Mr. HOWE: Every trade commissioner has been advised that Canada is likely to have a surplus of tobacco for export, and all trade commissioners are working on it.

Mr. STEPHENSON: A special effort should be made along this line, because there is a great deal of submarginal land that could be used for growing tobacco. This would bring under cultivation many areas that have not been able to produce a great deal in the past. It would be to the advantage of various counties in this province and other parts of Canada as well where tobacco can be grown. I urge that every effort be made to find a market for our surplus tobacco.

I would also like to ask what the situation is as regards apples. I understand there is a surplus in Canada. Is there a possibility of finding a market for it?

Mr. HOWE: We are aware of the importance of tobacco and are making an effort to sell it. We have sold every tobacco crop so far, and we hope to sell this crop. As far as apples are concerned, we are taking care of the situation in every part of the land. The 1947 crop in British Columbia has been wholly sold.

[Mr. Howe.]

Mr. SINCLAIR: Wholly sold?

Mr. HOWE: Yes.

Mr. SINCLAIR: British Columbia?

Mr. HOWE: Yes.

Mr. SINCLAIR: There are 600,000 boxes still in Yale.

Mr. HOWE: I have definite information that the crop is sold.

Mr. MACDONNELL (Muskoka-Ontario): Perhaps the minister could check that up.

Mr. HOWE: I am giving the information.

Mr. MACDONNELL (Muskoka-Ontario): I was asking if the minister would check it up.

Mr. HOWE: I have the information and I am giving it. The crops in other parts of the country have been taken care of, with the help of the government. We are doing all we can about the apple crop. The British market is closed to Canadian apples. The domestic crop in Britain is considerable and the United Kingdom government does not permit importation of apples. The United States tariffs have been lowered, and every effort will be made to sell apples in that country. A good proportion of the British Columbia crop was sold in Brazil under a barter arrangement for oranges, which was worked out with the help of the department. We are exploring every possibility of exchanging apples either for dollars or for some other saleable commodity.

Mr. STEPHENSON: As for apples being sold, I think it might be well for the department to ascertain whether they have been sold, because in my part of the county they have been finding it difficult to get a market. They had to peddle them around in the various cities to get rid of them, putting them up in special packages. There were apples in my county for which a market could not be found.

Mr. MENARY: A good many fowl are exported from my district to the United States. I had occasion last week to get a permit for one of our shippers and he was held off for a week. There were 10,000 birds in stock that had to be fed. I presume this comes under the export permit branch.

Mr. HOWE: It is really under 442. We have not yet come to that. However, the department issues export permits for fowl, with the advice of the Department of Agriculture. This department exercises no discretion in the matter. We simply take the advice of the Department of Agriculture. The export of live fowl is under permit, and we regulate exports in consultation with the United States Department of Agriculture.

Mr. MENARY: Just now they are cutting down on the granting of permits, so they say. This firm could not get one for about ten days. This small firm say that they are giving them to large packers. Is that right?

Mr. HOWE: I do not know.

Mr. MENARY: If you give them to large packers you should give them to the small ones too, because you should treat all the people in the same way in the export of these birds.

Mr. HOWE: I can assure my hon. friend that if we are giving export permits, the small man gets them first.

Mr. HERRIDGE: I wish to bring to the attention of the minister a matter that I pointed out to the Minister of Agriculture some time ago. I refer to the shipping of gift apples to Britain. Before the war we sent large quantities of apples as gifts from British Columbia. The apples were exported for delivery to the persons designated. They were sent to Great Britain in bulk or carload lots, and then delivered by carrier to the person designated. The British ministry of food will not accept them unless they are consigned to the ministry direct, and they are allowed to designate where those apples shall go. The fruit organizations in British Columbia are confident that they could ship this year in the neighbourhood of half a million boxes of apples to Great Britain as gift apples, a direct contribution of the Canadian people, by putting on a campaign in co-operation with the Canadian Legion, women's organizations and farmers' organizations. But they cannot organize a campaign because of the present restrictions imposed by the British ministry of food. I ask the minister if something cannot be done to discuss this matter with the British ministry of food so that this half million boxes of apples can go forward. It is a matter of particular concern to some of the fruit growers in my constituency who for years have been growing two particular varieties of apples for the English market. I refer to Cox's Orange and Jonathan. Owing to the loss of the British preference, unless something is done in this respect the Cox's Orange growers will simply not have any income this year.

Mr. HOWE: My hon. friend will understand that the Canadian government is doing nothing to interfere with the sending of gift boxes of apples to England. This government has discussed the subject with the British ministry of food, who have explained the problems surrounding the situation and have not acceded to the Canadian request for consideration. I think there is a good deal of reason behind their refusal to do so. Therefore I can offer little hope that the British ministry will change its position.

Mr. JACKMAN: In connection with trade commissioner service there is an item here of $366,000 for permanent help. I want to relate that to an item lower down, living allowances, $476,000; and to another one further down, cost of living bonus abroad, $56,000. These items look disproportionate, but there may be sound reasons behind them. In fact I have known cases in which foreign trade representatives have been underpaid in relation to the job they were called upon to do. Will the minister explain how it is that a group of trained men of standing who get $366,000 require $476,000 for living allowances? Are the living allowances tax free, or are they partly to allow for inflation, which latter item I suppose is covered by the cost-of-living bonus abroad? In other words are these foreign trade officers, to whom I suppose the item largely relates, paid anything like an adequate salary, or is it necessary for them to get a cost-of-living bonus in other countries? Surely the cost of living in the various countries to which they are assigned cannot be so much higher than it is in Canada. Yet the ordinary salary does not seem to be adequate. As to cost-of-living bonuses where there may be inflation, there is a smaller item of $56,000. Would the minister explain generally why those items are disproportionate?

Mr. HOWE: The salaries of trade commissioners are based on the Canadian cost of living. The cost of living varies greatly in other countries. For instance, I am told that in Caracas a stenographer gets $400 a month, and that is consistent with the scale of living in Caracas.

Mr. MACDONNELL (Muskoka-Ontario): What kind of money?

Mr. HOWE: United States dollars. We have prevailing today an uneven situation throughout the world with respect to the cost of living, and it is necessary to adjust the living allowances accordingly. The bonuses relate to the help that is employed abroad. That is, in Egypt bonuses are paid to Egyptians who are employed in our service. The allowances are made after careful survey by the dominion bureau of statistics as to a proper adjustment which in the specified country would give a salary-plus allowance which would be equivalent to the salary alone in Canada at the rate indicated.

Mr. JACKMAN: It seems extraordinary that the allowances would require to be nearly 150 per cent more than the salaries themselves. After all, these people are not called upon to maintain large establishments. They are business representatives. I have certain fears on one point, and I should like to be reassured. Are they paid a salary which is commensurate with the position they must maintain abroad to do the work which the department expects them to do? If the answer is in the negative, does the minister expect that in the future, as the world becomes more stabilized—as we hope it will in short order—this item will almost entirely disappear?

Mr. HOWE: My hon. friend will appreciate the difficulty of fixing a man's salary on the basis of the fact that he happens to be stationed for the time being at Buenos Aires. We could adjust his salary so that he could live properly in Buenos Aires, consistent with his situation in that country. But we prefer to fix his salary based on his living in Canada, and make such adjustment by way of bonus as the temporary situation warrants. I think my hon. friend will agree that is a sounder method. If we move the man to a country where the difference in the cost of living is not great, he would get a small allowance. But if he happened to be moved to a country such as the one I mentioned, namely, Caracas—which I believe is the extreme situation today—he would need a much larger living allowance. We believe the salaries are reasonable for the position, provided the cost of living is the same as in Canada.

Mr. JACKMAN: I suppose the living allowances are tax free?

Mr. HOWE: Yes.

Mr. JACKMAN: I must say this indicates that Canada deserves some credit for the fact that the cost of living in this country is so much lower than that which prevails in other areas.

Mr. HOWE: We seldom get much credit from the opposition.

Mr. MacNICOL: Mr. Chairman, the recent discussion has been on item 445, but item 444 has not yet been called.

The CHAIRMAN: I think the point raised by the hon. member for Davenport is well taken. We have been considering item 445. Can we carry item 445?

Some hon. MEMBERS: Carried.

Mr. MacNICOL: But, Mr. Chairman, you have not yet called item 444.

[Mr. Howe.]

Mr. MACDONNELL (Muskoka-Ontario): We are surely still at item 442.

The CHAIRMAN: The last item called was 442. But as the hon. member for Davenport has stated, we have been considering trade commissioner service, and that is item 445.

Mr. CHEVRIER: Let us carry them all.

Mr. HOWE: Yes.

Mr. MacNICOL: I am not opposing the carrying of item 445, because the discussion has been on that item. But after lunch we should go back to 444.

The CHAIRMAN: Shall item 442 carry?

Some hon. MEMBERS: Carried.

An hon. MEMBER: No.

Mr. HOWE: Let us carry something.

Item 442 agreed to.

The CHAIRMAN: Shall item 443 carry?

Mr. MACDONNELL (Muskoka-Ontario): No.

Mr. ROSS (St. Paul's): On item 443—

Mr. MACDONNELL (Muskoka-Ontario): It is one o'clock.

The CHAIRMAN: I understand the hon. member for St. Paul's has a few questions.

Mr. ROSS (St. Paul's): I had better wait until after lunch.

Mr. KNOWLES: What about item 443? Is that carried?

The CHAIRMAN: Item 442 is carried. Items 443, 444 and 445 stand.

Mr. MACDONNELL (Muskoka-Ontario): Before you leave the chair, Mr. Chairman, may I make one general observation? I understand the minister is leaving to receive an honour from his old university. I am sure we should all like to congratulate him. It is pleasant to think that he will there be in an atmosphere free from criticism—we might say where the wicked cease from troubling and the weary are at rest.

Mr. HOWE: I may say that hon. members are bidding their adieus too soon, because I expect to be with them for a couple of hours this afternoon.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

440. Departmental administration, $272,600.

Mr. TIMMINS: The hon. member for Muskoka-Ontario is out of the house for about half an hour. Will the minister allow this item to stand?

Mr. HOWE: Do we have to run this house to suit the hon. member for Muskoka-Ontario? This is the third time it has happened.

Mr. CASSELMAN: You have been out more often than that.

Mr. TIMMINS: I am not going to make excuses for the hon. member.

Mr. HOWE: He agreed to take it at three o'clock.

Mr. TIMMINS: He told me that unfortunately he was detained. I am asking the minister if he will extend the courtesy of delaying this item for a short time.

Mr. HOWE: All right.

Item stands.

443. Import division, including contributions as detailed in the estimates, $132,084.

Mr. TIMMINS: Who is the officer in charge of this division, and what work does it do?

Mr. HOWE: The division is in charge of Mr. Denis Harvey. The work of the import division is exactly the same as I described for the export division, except that it deals with imports instead of exports.

Mr. TIMMINS: Do the officers of that branch work in conjunction with each industry in Canada to assist in the matter of imports? I refer to commodities such as sugar.

Mr. HOWE: If any Canadian firm wishes to import anything at all it will get in touch with the import division, and that division, in turn, will get in touch with the appropriate trade commissioner.

Mr. ROSS (St. Paul's): Has any consideration been given by the minister to the provisions of schedule I, goods coming from Great Britain? I cannot see very much reason for this provision, because Great Britain needs dollars.

Mr. HOWE: I take it the hon. member is referring to schedule I of the bill.

Mr. ROSS (St. Paul's): Yes, the list of prohibited imports from Great Britain.

Mr. HOWE: That is administered by the Minister of Finance. I cannot answer the question.

Item agreed to.

444. Industrial development division, $27,863.

Mr. MacNICOL: I am sure that with his great knowledge of industry the minister will have an opportunity here to do one of his big jobs. The vote of course is small, and it is possible that the work has not yet got well under way. The promotion of industrial development is one activity in which the minister has had a good deal of experience, and I am sure he will do a good job. I should imagine, however, that the division would have to work differently from the manner in which it now works.

Perhaps in this connection a leaf could be taken out of the program of the Toronto industrial commission, an organization with which I am sure the minister is familiar. They have done a masterful job in promoting industry in that city. The commission was organized in 1929 by the private effort of gentlemen in Toronto who were interested in the growth of the city's industrial activities. Since that time many promoters of industry, including myself, have been greatly pleased with the work they have done.

The commission in Toronto has brought to the Toronto district 264 businesses, both large and small, now employing directly about 16,000 employees. That is a large number of men and women to be furnished employment and to be kept occupied. The sum of $45,000,000 has been invested in new capital, and these new business ventures occupy about 6,000,000 square feet of floor space.

With the small amount of money at its disposal, this division of the minister's department will not be able to do a great deal. I learned recently from an old country industrialist that no less than a thousand industries of one kind or another plan to come to America. Naturally, if it is possible to get them, we want most of those industries to come to Canada, and to open up business in the various provinces.

The Toronto industrial commission, when submitting information to an industrialist who is considering coming to Ontario, follows certain lines which I suggest might well be followed in all the provinces. They try to present to the industrialist the advantages of Toronto as a great railway centre, favourably situated so far as highways, airways, and shipping are concerned. They explain carefully the facility with which raw products can

be brought to that city for fabrication. Many centres in Canada have raw products right at their doors.

The Toronto commission attempts to present the desirability of living in a city like Toronto, with its educational facilities, the beauties of the surrounding country, a ready market, and other important features. They also say that we have cheap power.

Mr. HOWE: At times you do.

Mr. MacNICOL: As the minister knows, the present condition is only temporary. No one knows that better than the minister. We have expanded our power requirements by leaps and bounds, until today I believe the provincial hydro commission is selling around three to four million horsepower of electric energy a year. That is a tremendous amount of power. There is no doubt that the province will soon overcome its temporary power shortage. Within a year or more they will be connecting their wires to another million and a half horsepower. There may be a shortage even after that—indeed, I hope industrial development is such that there will be. In the next year we should have five or six million horsepower available, and I should like to see industry grow to a point where we would require seven or eight million.

I should like to see this division make those representations to prospective industrialists. They should point out that power is available. Indeed, if the program I enunciated on April 25 for producing power in the maritime provinces is carried through, to produce power out of coal, they too will be in a position to provide cheaper power facilities for new industry.

The vote would indicate that at present the division is a small one. However, no one knows better than I do the capacity of the minister to bring industry here—and I give him credit for it. I am not one who censures him. I know his capacity, and I believe the division should be expanded so that it could bring to Canada the greater portion of the thousand industrialists who will move from the old country, France and Czechoslovakia to America.

I look forward to this country having a population of 25,000,000. I may not live to see that day, but we have incomparable resources, we have great potential power developments, and there are great advantages here. I feel sure that this branch could be expanded to do a wonderful job, just as the Toronto industrial commission has done with its limited facilities. Other cities and towns have industrial commissions, but I am not wholly familiar with them. I support the minister and urge him to expand this division.

Mr. HOWE: I thank my hon. friend. I might say that the merger of the Department of Trade and Commerce and the Department of Reconstruction and Supply will make it possible greatly to strengthen this division. The committee will be aware that the work of the department of reconstruction is to stimulate industry, create new industries and facilitate the changing of war industries into permanent industries. The men engaged in that work are still in the department of reconstruction, but we hope the merger will have taken place within the next year, after which we would hope to have a much stronger industrial development division.

Mr. McCULLOUGH (Assiniboia): I am happy to hear what the minister has just said, and I support what the hon. member for Davenport has said about this division. I think what the hon. member has said is in accordance with what we in this group have advocated for years, in fact it is part of our program. There is a need for a commission or board which would plan the development of the resources of this country from coast to coast. With a disintegrated economy we have the development, on the one hand, of things which we do not need, and a lack of development, on the other hand, of resources which would balance our economy.

I notice that this vote is only for $27,863. That would seem to indicate that the only service that could be rendered would be the diffusion of information to industrial firms. As we go into the post-war period I think an industrial commission should be set up in order that our people may have the benefits of the resources of this country. We are penalizing our people by placing restrictions on imports because of a shortage of United States dollars. We import coal from the United States to the amount of $225 million, or about one-quarter of our deficit of United States dollars. If we had a reasonable and imaginative program to develop our coal resources we could largely offset our deficit of United States dollars. In addition, as the hon. member for Davenport has pointed out, there should be a further development of our power and other resources.

Mr. ZAPLITNY: Does this division have anything to do with the establishment of new industry, particularly in the west, where processing industries of many kinds could be set up?

Mr. HOWE: If anyone desired information as to the potentialities of a particular area, that would be provided by this division. The type of work mentioned by my hon. friend would be carried on by the department of reconstruction.

Item agreed to.

445. Trade commissioner service, including payment of compensation to trade commissioners for loss of furniture and effects, under regulations approved by the governor in council, $1,999,571.

Mr. IRVINE: How would a trade commissioner lose his furniture?

Mr. HOWE: Largely as a result of enemy occupation.

Mr. COCKERAM: Is this just for this year?

Mr. HOWE: No.

Mr. COCKERAM: Will it be a recurring item?

Mr. HOWE: It may be. There is an order in council providing for compensation should a trade commissioner lose his furniture in the performance of his duties.

Mr. COCKERAM: How much of this item is to cover loss of furniture?

Mr. HOWE: About $50,000.

Mr. COCKERAM: How does that compare with last year? Where was the furniture lost last year? Where was it lost this year?

Mr. HOWE: It was covered by order in council last year, and it is covered by order in council this year. I do not remember how much it was last year, but it would be whatever the furniture that was lost was worth.

Mr. COCKERAM: It is a large item.

Mr. HOWE: $50,000.

Mr. COCKERAM: Where was the enemy action this year that would account for this loss? Surely those things should be cleaned up before now.

Mr. HOWE: This is really a clean-up fund. For instance, the trade commissioner in Hong Kong had to evacuate in a hurry and he left his goods there. It is not possible as yet to judge what the loss is. The sum of $50,000 has been put in to cover losses in Hong Kong, Japan, and other occupied countries where trade commissioners had to leave in a hurry and leave their possessions behind.

Mr. COCKERAM: Will there be more of these items coming up later, or will this one clean the thing up?

Mr. HOWE: We hope this vote will clean it up.

Mr. MURPHY: I am concerned over the fact that the item for trade and industrial promotion is only $27,863, whereas the total salaries are some $922,000.

Mr. HOWE: Is my hon. friend referring to vote 444?

Mr. MURPHY: No, 445.

Mr. HOWE: The industrial development division is a small branch of the Department of Trade and Commerce at Ottawa, while vote 445 covers the trade commissioner service all over the world.

Mr. MURPHY: I was referring to the details of vote 445, which are to be found on page 253, in particular to the fourth from the last item on the page, trade and industrial promotion, $25,000.

Mr. HOWE: That is a fund for special promotional work. For instance, if we wish to bring a trade delegation here from France, the expenses of the delegation would be paid out of that fund. Last year we had a trade delegation go from Canada to South Africa. The expenses came out of that fund. It is an item to cover unexpected development work.

Mr. MURPHY: Are these trade commissions or any of their personnel active in promoting our tourist industry in those various countries?

Mr. HOWE: Yes, all of them.

Mr. COCKERAM: Is the $476,267 for living allowances for our representatives abroad?

Mr. HOWE: Yes.

Mr. COCKERAM: Is it based on a uniform per diem allowance, or do the rates vary with different countries?

Mr. HOWE: I explained that in detail this morning, but perhaps my hon. friend was out of the chamber. The personnel are paid salaries that would be adequate in Canada, and adjustments are made to suit the requirements of the countries in which they are stationed.

Mr. TIMMINS: There is an item of $54,200 for opening new offices. What new offices were opened in 1947, in what countries, and for what purposes?

Mr. HOWE: Offices are being opened in Karachi, Berne, Switzerland, and Turkey, for the purpose of promoting trade.

Mr. TIMMINS: Have we any staff in Ankara?

Mr. HOWE: We have a trade commissioner in Karachi. We have just moved Mr. Lamontagne, our former trade commissioner in Paris, to Berne, Switzerland.

Mr. TIMMINS: We have always had a substantial trade with Switzerland. Last

year we exported to Switzerland $14,000,000 worth of goods, and imported $12,000,000 worth. Is there any particular reason why we should have a trade commissioner there when trade is flowing so well between the two countries?

Mr. HOWE: Switzerland has always been handled by the trade commissioner in Paris, but trade problems are becoming so complex that the department in its wisdom decided to have a trade commissioner in Switzerland.

Mr. COCKERAM: What new offices are to be opened this year?

Mr. HOWE: I have just given that.

Mr. COCKERAM: You said they were opened last year.

Mr. HOWE: Provision is being made for them for the first time now.

Item agreed to.

446. Trade publicity and advertising in Canada and abroad, $303,308.

Mr. MURPHY: Page 254 of the details shows $150,000 for advertising in Canada and abroad. Has the minister a breakdown showing the amount spent in Canada and the amount spent abroad? What is the name of the firm handling the advertising?

Mr. HOWE: I can get the breakdown in a moment or two. The advertising is handled by Walsh advertising agency.

Mr. MACDONNELL (Muskoka-Ontario): Apparently there is a decrease from $300,000 odd to $150,000 for advertising in Canada and abroad. This would appear to indicate a change in policy. I would like to have some explanation. I am not objecting to the reduction, but why did we spend so much before if we can do with half as much now?

Mr. HOWE: The item last year was used to a considerable extent in publicizing the international trade fair. There is a separate vote for that this year. It is just a transfer from one vote to another.

Mr. MACDONNELL (Muskoka-Ontario): It is not really a reduction at all?

Mr. HOWE: It was not represented as such.

Mr. MACDONNELL (Muskoka-Ontario): Ordinarily when you see an amount of $150,000 set up for this year and $300,000 for last year you assume there is a reduction.

Mr. HOWE: You must not trust too much to a superficial view.

Mr. MACDONNELL (Muskoka-Ontario): I admit that figures are often misleading, if

[Mr. Timmins.]

that is what the minister is saying. What was spent for the trade fair this year?

Mr. HOWE: $250,000.

Mr. MACDONNELL (Muskoka-Ontario): Then why is there not a reduction from $250,000 as against $150,000?

Mr. HOWE: Because we are doing some other promotional advertising.

Mr. MACDONNELL (Muskoka-Ontario): If it involves another $100,000, we would like to know about it.

Mr. HOWE: It is believed to be a reasonable amount for promotional advertising.

Mr. FRASER: I see an item in the details of $30,000 for films. Were they made by the national film board or by a commercial company?

Mr. HOWE: All expenditures on films are made through the national film board.

Mr. FRASER: Yes, I know, but was the film actually made by the national film board or by a commercial company?

Mr. HOWE: I could not say.

Mr. FRASER: Usually the department makes a requisition.

Mr. HOWE: I am informed that the film was made by the national film board.

Item agreed to.

447. Exhibitions, including a contribution of $1,000 to the international bureau of exhibitions and, subject to regulations to be approved by the governor in council, to authorize *pro rata* refunds to be made to lessees of space at the Canadian international trade fair of rentals moneys received from such lessees determined to be in excess of the expenses incurred by Canada in promoting the Canadian international trade fair, such refunds to be made from the revenue received, $647,401.

Mr. COCKERAM: Is this for the expenses of the trade fair?

Mr. HOWE: Yes.

Mr. TIMMINS: Does the minister expect that we shall be able to reimburse ourselves for our expenditures on the trade fair?

Mr. HOWE: Yes. This is the gross expenditure. The income from the fair I think is slightly in excess of the expenditure.

Mr. TIMMINS: Shall we need this much money?

Mr. HOWE: Yes; unfortunately in government accounts you can receive as much as you like but you still have to appropriate all you spend.

Mr. MACDONNELL (Muskoka-Ontario): Does the minister think that we have to go on with this nonsensical method for ever?

Mr. HOWE: I have tried to change, but I had great objection from other parties in the house. That is the purpose of crown companies.

Mr. MACDONNELL (Muskoka-Ontario): One of the purposes.

Item agreed to.

Standards division—

449. Electricity and gas inspection services, including administration of the Electricity and Fluid Exportation Act, $452,733.

Mr. MACDONNELL (Muskoka-Ontario): This is a very large expenditure. I want to understand more about it. To what extent is electricity and gas inspection services a dominion affair, and how does it relate to provincial activities in the same field?

Mr. HOWE: The dominion has the responsibility of inspecting every meter in Canada. The provincial governments rely on the dominion government for that service. It is a revenue-producing service. The charges cover the cost of the service, but it has been performed by the dominion government for many years and should properly be performed by the dominion government.

Mr. MACDONNELL (Muskoka-Ontario): Why?

Mr. HOWE: Because if the Ontario hydro is selling electricity direct to a consumer, the consumer is entitled to have some third party say whether the current is properly measured.

Mr. COCKERAM: The minister says that this is a revenue-producing department. Can he tell us the amount of revenue the department produced last year?

Mr. HOWE: Yes; it was $555,209.75.

Mr. COCKERAM: That goes into the consolidated revenue fund?

Mr. HOWE: Yes.

Item agreed to.

452. Weights and measures inspection services, $515,837.

Mr. MURPHY: Can the minister tell me whether any members of his staff check the scales used in weighing sugar beets from which sugar is obtained?

Mr. HOWE: Yes, we check all scales. We check the scales used in weighing sugar beets.

Mr. MURPHY: Does the department also check the scales of the processing plants?

Mr. HOWE: We check every scale. By law every scale must have a certificate from the Department of Trade and Commerce.

Item agreed to.

Dominion bureau of statistics—

454. Statistics, including contribution of $2,474 to the Inter-American Statistical Institute, $2,548,973.

Mr. COCKERAM: May we have some explanation of this amount? How is it arrived at?

Mr. HOWE: This is the cost of running the statistics division of the department.

Mr. COCKERAM: How many employees are there in the department?

Mr. HOWE: The details are on page 259.

Mr. COCKERAM: There is an amount of $1,204,209 for temporary assistance which is two and a half times the amount for permanents.

Mr. HOWE: If my hon. friend will turn to page 259 he will find every expenditure of the department set out in great detail.

Mr. COCKERAM: I am asking how many temporary employees there are in the department.

Mr. HOWE: I gave that this morning.

Mr. COCKERAM: The minister did not give us that.

Mr. HOWE: Yes, I did.

Mr. COCKERAM: Of a total staff of 1,423, 295 are permanent, 1,091 are temporaries in Ottawa, and 37 are temporaries outside of Ottawa.

Mr. BOUCHER: Will the minister explain why there are so few permanents and so many temporary employees? This seems to be a common complaint. We have too many temporaries employed; in some of the departments the number is far in excess of what it is in others. The minister should give some consideration to that.

Mr. HOWE: If we could get the opposition in the house at one time we could explain this thing. We spent an hour on it before lunch. If my hon. friend would get up a little earlier he would get the whole thing. If he will read *Hansard* he will find the whole story there.

Mr. ROSS (St. Paul's): Does the Department of Trade and Commerce report to the bureau of statistics, as an ordinary commercial firm does, the number of employees and the amount of salary paid month by month?

Mr. HOWE: Yes.

Mr. ROSS (St. Paul's): When the bureau of statistics are making up their figures, is it not possible for them to give the figure month by month, showing how many employees there are in the government of Canada, the number of permanents, and the number of temporaries?

Mr. HOWE: It is published every month.

Mr. ROSS (St. Paul's): It is not published every month.

Mr. HOWE: Yes, it is.

Mr. ROSS (St. Paul's): I have asked for a return year after year, and it has taken about three months to get it. I have asked for a return as to the individuals employed by the government. If it is published by the bureau, it ought to come through the next day.

Mr. HOWE: If the hon. member will examine the publication of the bureau of statistics he will find that the number of government employees is published every month.

Mr. ROSS (St. Paul's): And the monthly salary of each of the employees as well, and the numbers who are temporary?

Mr. HOWE: No. The total salaries are published, not the individual salaries.

Mr. ROSS (St. Paul's): I mean the total salary paid out.

Mr. HOWE: It is published every month.

Mr. ROSS (St. Paul's): By the different departments? Then from that the people of Canada ought to be able to get an idea of the amounts paid. Does the publication give the number of employees and the amount of salary that was paid to them, say last month?

Mr. HOWE: That is correct.

Mr. ROSS (St. Paul's): And the number of permanent and temporary employees?

Mr. HOWE: It does not give that.

Mr. ROSS (St. Paul's): Could that information be given?

Mr. HOWE: I am told that the number of temporaries and permanents is also published.

Mr. ROSS (St. Paul's): In what document is it published?

Mr. HOWE: In the civil service statistics.

Mr. MACDONNELL (Muskoka-Ontario): The minister has stated that very confidently, but I find it difficult to believe that he is right. First of all, let me say I have great respect for the bureau of statistics and for Mr. Marshall in particular. I have found him

[Mr. Howe.]

most helpful and co-operative. I found to my great surprise that I could not get from him a complete list of the government employees, and he was frank in saying that he could not give it to me. I thought it was a most astonishing thing, and the only explanation I could glean from my conversation with him was that there are a lot of departments that hold out information of their own, and there is no full and readily available statement. I spent a good deal of time trying to find that out. I hope the minister will not regard this as just something that I am bringing up in an offhand way, because it is not.

Mr. HOWE: I shall be very glad to send for the publication, mark it, and send it across to my hon. friend. The reason the question cannot be answered easily is that hon. members ask questions which never coincide with what is actually published. I am told that we publish the numbers of all people regularly employed in the civil service, but not in crown companies or in various branches. We state how many employees are permanent and how many are temporary. We state the total salaries paid during the month. That is published each month. I shall be glad to get the publication and send it to my hon. friends. The questions asked in the house are not as simple as that. Hon. members ask for other data which require compilation.

Mr. MACDONNELL (Muskoka-Ontario): If this was merely the result of questions I put down on paper, I would not have the same objection; but what I am talking about is the result of several conversations with Mr. Marshall. The result was we got to the point where he told me the figures were not available. I was not able to get any figures that I could use at the time I wanted them. I am not criticizing Mr. Marshall—quite the contrary.

Mr. ROSS (St. Paul's): The minister said that the questions which are asked are not asked in the way in which the figures are kept. The point is that the information which the member asks for is no good to him three months after the question is asked. I asked a question as to the number of employees on such and such a date, say December 31 of last year. The reply I received gave the number to December 15 last year, or whatever date suited them, and did not give the general picture. Like the hon. member for Muskoka-Ontario, I have tried time and time again to find out how many employees there are in the government of Canada, how many in the C.B.C., and so on, but I never could find out. I should be glad to have the publication sent to me, too.

Mr. DROPE: I am not so much concerned with the question whether the employees are permanent or temporary as I am with the possibility of getting the number reduced so that there can be some relief for the taxpayers.

Mr. BLACK (Cumberland): Are there any statistics in regard to the cost or selling price of electrical power in various parts of Canada, such as Ottawa, Toronto, Montreal, my own town of Amherst, Halifax, and Cape Breton? Some time ago certain areas used to advertise that they had the cheapest power in Canada. The proposal was made a few days ago by the hon. member for Davenport that electrical power be subsidized. Perhaps the minister can tell us whether there is any statistical record of the selling price in different parts of Canada. The hon. member for Davenport the other day made a statement, which was wholeheartedly received in the maritime provinces, with regard to the granting of a concession to the producers of power by subsidizing coal in order that we might be put on a fairly equitable basis with other sections in power production.

Mr. HOWE: The dominion statistician tells me that the bureau publishes an index, not of cost, but of cost to the consumer of power in various areas in Canada. The production of power is a matter over which the dominion has no control. It has no policy for subsidizing power in any part of the country.

Mr. BLACK (Cumberland): Is that a special publication prepared for distribution?

Mr. HOWE: It is a separate bulletin. The dominion statistician says he will send a copy of it to my hon. friend without delay.

Mr. BLACK (Cumberland): Thank you.

Item agreed to.

455. Census of population, $591,411.

Mr. COCKERAM: Can the minister tell me why in 1948 we should be making payments in connection with a census taken two years ago? Surely there is a better system of keeping accounts than that.

Mr. HOWE: It takes a long time to compile the information, which is being printed at present.

Mr. COCKERAM: To whom would these accounts be payable?

Mr. HOWE: The staff engaged in that work, the 1,400 employees the hon. member talked about.

Item agreed to.

Wheat and grain division—

456. Salaries and other expenses, $41,737.

Mr. MENARY: Many farmers in my district, in the spring of 1947, took flax from the Middlesex flax company to sow, and in payment they were to give this quantity back plus a stated amount for the use of the seed. The government declared a bonus of fifty cents per bushel which they are unable to collect. The amount owing the farmers varies from $75 to $200.

Mr. FAIR: Can the minister tell me whether anything is being done to keep the grade of red bobs wheat at No. 1?—because we understand that it is being cut down to No. 3.

Mr. HOWE: I am not familiar with that. That grade has come in since I knew something about wheat. I shall be glad to inquire of the board of grain commissioners.

Item agreed to.

Canada Grain Act—

458. Operation and maintenance, including inspection, weighing, registration, etc., $1,997,864.

Mr. CHARLTON: On page 262 there is an item, below "temporary assistance", for wages in the sum of $60,000. Can the minister explain that?

Mr. HOWE: It is for casual help around the grain elevators. There are people who are steadily employed, but in rush periods it is necessary to take on casual help, and the item of $60,000 is provided for the purpose. The hon. member will note that it is a reduction from $150,000 last year.

Mr. COCKERAM: But there is an increase in temporary assistance of $230,000.

Item agreed to.

459. Canadian government elevators, including equipment, $727,049.

Mr. McCULLOUGH (Assiniboia): Are any Canadian government elevators rented to private companies? If so, what are the conditions of rental?

Mr. HOWE: The only one I know of is the government elevator at Port Arthur, Ontario, which is rented to the McCabe Grain Company. I am not familiar with the terms of the lease, but I shall be glad to table it, though I am under the impression that it has been tabled.

Mr. McCULLOUGH (Assiniboia): What is the $727,000 for? Is it for repairs and new equipment, and what is the relationship between the storage of farmers' wheat under the

wheat board and the cost of storage there? What is the method of handling wheat for the farmers?

Mr. HOWE: The handling charges and the method of handling are the same as though the government still operated the elevator. The charges for handling wheat at all terminal elevators are the same, whether owned by the government or by the private trade. The reason it was leased to McCabe brothers, as I remember, is that grain firms having country elevators ordinarily attract grain from their elevators to their own terminal, and the government elevator was doing little business because it had no feeders in the country.

Item agreed to.

Canadian government travel bureau—

460. To assist in promoting the tourist business in Canada, $1,038,046.

Mr. ADAMSON: Can the minister give a breakdown of the value of the tourist business to Canada? I have frequently seen statements published as to the value of the tourist business, but I have never seen a breakdown of it. I should like to know the number of tourists from the United States and elsewhere; the number who come for twenty-four or forty-eight hours, or for three days or a week or more; the number who come in the summer, and the average expenditure. I have not seen these figures, though, for all I know, they may have been published. I should like to see them. I see there is a sum of $700,000 here for advertising. How was that spent? How much of it was for radio and how much for United States publications? How was the item of approximately $200,000 spent? If there is any document published on this, I should like to have it.

Mr. HOWE: May I send this document across to my hon. friend?

Mr. ADAMSON: Yes.

Mr. HOWE: It will save my reading it. It tells the whole story.

Mr. ADAMSON: What is the document?

Mr. HOWE: It is the annual report of the Department of Trade and Commerce for the fiscal year ended March 31, 1947.

Mr. ADAMSON: Can the minister give me the breakdown of the figure for advertising? How was that $700,000 spent? There is another sum of $208,000 for publications. What were those publications? These details are referred to on page 263.

Mr. HOWE: One of them was a map indicating the main automobile roads between Canada and the United States.

[Mr. McCullough (Assiniboia).]

Mr. COCKERAM: How much did they cost?

Mr. HOWE: I could not say. Other books published were: "How to Know Canada"; "Canada's Game Fields"; "Sport Fishing in Canada"; "Canoeing in Canada" and "A Trans-Canada Automobile Tour"—

Mr. FRASER: That would be good.

Mr. HOWE: —a new brochure entitled "Skiing in Canada" which was prepared and made available for distribution; "Canada Vacations Unlimited" which was received from the printer at the end of the year under review and was distributed; "With Rod and Reel in Canada", another brochure for fishermen; and three moving pictures were made and distributed by the national film board.

Mr. ADAMSON: What about the $700,000 expenditure for advertising? Was that done through United States publications?

Mr. HOWE: That is largely advertising in the United States handled through Cockfield, Brown and Company of Montreal. About $350,000 has been spent already and the balance will be spent in the autumn preparing for next season.

Mr. COCKERAM: That is all United States funds?

Mr. HOWE: Most of it, yes.

Mr. WEBB: I do not wish to take up a great deal of time on this matter now, although I feel it is a most important one, especially for the particular area from which I come. I am not criticizing in any way, shape or form. With the staff available, and the facilities they have for handling this large business, as it is at the present time, I think the bureau is doing a good job. In a speech in the house here some time ago it was suggested, I think by the hon. member for Lambton West, that a separate department should be set up. Later on, speaking on the same subject, I myself suggested a commission. I fully realize that this is a big job. I want to pay tribute to Mr. Leo Dolan, director of the travel bureau, who is serving this country well, not only in his operations in this country but in all his travels. I think he is doing a marvellous job for us wherever he goes. Recently I think he did a magnificent job in going to the United States when we were having a little bit of difficulty with our exchange problem, and when we were being threatened with a boycott of money coming into Canada. I followed that matter up, and I think Mr. Dolan did a grand job there. He was able to overcome many difficulties.

However, I still have a strong feeling that with the amount of work which comes under the Department of Trade and Commerce this is a big item to come under its jurisdiction, unless there could be some way of setting up a commission or at least a commissioner. If Mr. Dolan carried with him a title similar to that of deputy minister, I think it would be of great advantage to him in approaching the people of other countries, and would pay off well in Canada. Not only that, but it would give him an approach when meeting provincial and other governments.

Coming back to the actual department, it would seem to me, that if he were in a position of more power to carry this message to the people about this important business, it would be something worthwhile to this country. I make that as a constructive suggestion, and not in any other way. Is the department giving any consideration to methods whereby this great industry of ours will be taken care of, by possibly giving it more stress and placing it in a position of greater importance than it has occupied in the past?

I have gone into this matter of advertising. I looked up all the different magazines and the different methods of advertising our country and I do not know that I have so much criticism with regard to that matter. But I make the suggestion that a personal contact, either through Mr. Dolan or an assistant to him, in other countries, would be worth a good deal. I believe one personal contact with a group of businessmen in those respective communities is worth a great deal more than advertising that will cost considerably more money. I feel that there is nothing like personal contact when it comes to advertising our goods. Therefore I would make that suggestion; and I should like to have the minister, if he will, comment on it at this time.

Mr. HOWE: The activities of the federal government in the field of tourism, as my hon. friend will appreciate, are confined to only one agency, which is intended to be a co-ordinating one and to supplement the work being done by the nine provinces, whose expenditures run into considerably more money in the aggregate than is spent by the federal government. We feel that Mr. Dolan is running a most aggressive department. We think he is drawing tourists to Canada. It will be the constant effort of the department to strengthen the branch.

Mr. ROSS (St. Paul's): First of all, I should like to commend the department, and Mr. Dolan as well, for the work that has been done. One of the things that would help the tourist traffic in Canada more than anything else, especially in my own city, is in connection with the increase in the limit to $400 in the amount of goods a United States person may take back with him. I might point out to the minister that the tourist will not buy in Canada fine luggage and things of that kind that they can take back, because they will not pay the 25 per cent excise tax. If the government will remove that tax on things of that kind, they will increase the tourist trade. They would do more good by taking many of these taxes off, which are not necessary now anyway, than by any other method I know of, and their removal would certainly help the tourist trade.

Mr. HOWE: I might as well set my hon. friend right. There is no excise tax on goods bought in Canada for export.

Mr. MURPHY: But people take them back, individually.

Mr. ROSS (St. Paul's): Do they get a refund of the excise tax when they take them back?

Mr. HOWE: They have it delivered to them.

Mr. ROSS (St. Paul's): I was not referring to having it delivered.

Mr. HOWE: It is cheaper to do it the other way.

Mr. ROSS (St. Paul's): They want to take it with them.

Mr. MURPHY: I am sure hon. members would like to have some expression from the minister respecting the repeated suggestions since 1945 by those who are interested in the tourist industry. Those suggestions have varied from that of having a separate ministry to having a commission which would work in co-operation with the provinces and municipalities, and also the suggestion to have a deputy minister in charge of the tourist industry.

We know that in Ontario they have a new department for that purpose, and I believe in Quebec the tourist industry is under the supervision of the premier. From time to time it has been pointed out in the house by hon. members on both sides that it is important to develop this industry. I have suggested repeatedly that a separate ministry be considered. Before I proceed further with my questions, would the minister be prepared to advise the committee whether or not any change is contemplated or has been under consideration? After he has completed what he has to say, I should like to continue.

Mr. HOWE: I do not think the government ever considered appointing a minister for tourist traffic. It seems to me that the overhead of the ministry might be more than the expenditures. We now have a tourist branch, and the head of that branch has all the authority he requires. We have recently given him a senior assistant, the purpose being to free him to do more travelling in countries which are the source of our tourist business. So far as I know, he has no difficulty in working with other provinces of the dominion. I have attended conferences at which he has presided, and it seems to me that his position there is quite assured. I cannot imagine any step which would make his position any stronger. If hon. members think the best executive organization is a commission, they are entitled to their opinion. I have never shared that view. I believe a director is much more efficient, so far as organizing the tourist industry is concerned.

Mr. MURPHY: I appreciate the minister's frankness. I am wondering, however, if the government appreciates the possibilities of the tourist industry. Figures concerning the industry are quite revealing when one remembers that the administration of it is not on a departmental level. For that reason I have maintained that it is entitled to more consideration than it has been given. We know that in some countries the tourist industry is a large one. I am told that in Switzerland it runs to about a billion dollars a year, and we know that in the United States it is much greater than the difference between the population of the United States and that of Canada would indicate.

We are not getting what we can get of United States money, which we need so badly. It has been only within the last two or three years that the tourist industry has been discussed with the provinces, and no doubt some good has come from those discussions. I was not suggesting that the director be appointed a deputy minister. I was more concerned with some change which would increase our tourist industry to the point which I think this country should have.

Perhaps I might illustrate what I have in mind. Under the present set-up, we shall suppose a representation is made to develop the tourist industry. Let us suppose that it is recommended that a boat basin or well be cleaned out on a stream emptying into lake Huron. The only reason for clearing the sand bar would be to permit yachts and pleasure craft coming in from Detroit. If they were able to use the harbour they would probably spend two or three hundred thousand dollars a year in that area. Would representations be made through his department, if any association wished to undertake that work so as to bring United States dollars to this country?

Mr. HOWE: An application of that kind would be made to the Department of Public Works, although it might come through the director of the tourist industry. As my hon. friend knows, the Department of Public Works is charged with the responsibility of developing harbours.

However, I do not think the difficulty in Canada is in getting the numbers of tourists, because the numbers are satisfactory. Our difficulty is that we have not the resorts or other attractions which would induce the tourist to stay here to spend his money in Canada. When we were free to travel to the United States, although our numbers were small when compared with the numbers who came from the United States to Canada, our total expenditures in the United States for holiday purposes were about half the total expenditure by United States tourists in Canada. I agree with the hon. member that further developments should be made in connection with tourist accommodation and tourist attractions.

Mr. MURPHY: I certainly agree with what the minister says with respect to accommodation, or lack of it, for United States tourists. No language could be too strong to impress upon those who cater to the tourists that they must do their part to see that good food and proper lodging are accorded. I believe that in the last fifteen years there has not been $100,000 spent for tourist accommodation all the way from Windsor to Ottawa; yet they clamour for tourists. I would take this opportunity to say to those who are interested in the promotion of the tourist industry, by way of giving accommodation, that they are not doing their share. I have in mind particularly hotels and restaurants, and other facilities for tourist accommodation.

What plans has the government further to integrate this work with the work of the provinces and municipalities in the promotion of this industry? Then, has the government considered developing the industry by offering accommodation in the nature of fields for the landing of aircraft throughout the various areas in Canada; and what further plans has the government with respect to the Trans-Canada highway?

Mr. HOWE: My. hon. friend has covered a good deal of territory. For the last two years we have held an interprovincial conference for the discussion of the tourist traffic.

At that conference the plans of all the provinces, the transportation, bus and steamship companies are laid on the table. It is presided over by the head of the federal bureau. Plans are co-ordinated, and suggestions are made wherever they can be strengthened. So far as I know, there is a continuous effort to improve our tourist industry in Canada, and to strengthen it.

Mr. MURPHY: Has the department under consideration any plan for the exchange of films with the United States? It occurred to me that perhaps through some form of barter we could have our films shown in the United States with a view to increasing our tourist industry. Would it be possible for the minister's department to make arrangements with the film industry so that our films could be shown in the United States?

Mr. HOWE: We have been doing that during the past few months and have had spectacular results. A great number of shorts have been made in Canada about Canada and circulated to every movie house in the United States. Records descriptive of Canada have been circulated through all the radio stations in the United States, and I am told by those who have visited there that they are being frequently used. An active promotion program is being carried on under the auspices of the moving-picture industry. I am told that, as a result of the present campaign, two full-length movies will be made in Ontario during the current year.

Mr. MURPHY: Some few years ago several writers visited Ontario, as a result of which a great deal of publicity was obtained. I recall an article by Rex Beach in the *Saturday Evening Post*. I was wondering if the department had any such plan under consideration. Then I was wondering what plans the department has to further this industry by way of lecturers and speakers in the United States.

Mr. HOWE: This month, in co-operation with the province of Ontario, we are entertaining a group of writers in Ottawa. We have circulated the titles of books which we think would be appropriate for movies based on Canada. It was a considerable list of most attractive titles. I do not know the value of lectures because I never attend them myself, but perhaps some people do. We have no plans for lecturers.

Mr. MACDONNELL (Muskoka-Ontario): Sometimes we have them here.

Mr. MURPHY: I understand that last year the director of the travel bureau made some thirty-five appearances on the other side, speaking to service clubs and other organizations. I think the senior officials of the department, including the director of the travel bureau, could serve a most useful purpose by speaking to service clubs and other organizations on the other side. It should be done on a planned basis, so that a great area could be covered. Other efforts like sportsmen's shows and exhibits could be co-ordinated. I really think the amount allocated for the promotion of the tourist industry is small compared with what could really be developed if it were carried on in an aggressive manner.

Mr. HERRIDGE: I have never been able to understand the program and policies of the travel bureau. I appreciate the great work they are doing, but I am of the opinion that there is considerable overlapping in some cases, as I shall explain later, and a conspiracy of silence in other cases.

Some years ago I took up the question of tourist publicity for the district which I have the honour to represent, with a prominent official of the Canadian Pacific. I said to him, "You do not advertise the Okanagan lake; you do not advertise your steamer service; you do not advertise your other services". He admitted it, and then he said, "I'll tell you the reason why. We like to keep people moving along the main line from one big hotel to another. If we advertise your little steamship services it would divert people going from Banff to the coast."

It would almost appear that the dominion government advertising is coincidental with Canadian Pacific advertising. These smaller places with smaller hotels and tourist camps offer excellent facilities for large numbers of people who would be willing to go to the less known places. I can hardly believe that this is accidental. It seems to me that the advertising of the dominion government travel bureau and that of the Canadian Pacific indicates a common policy to advertise in such a way that the large hotels will be filled up and people kept on the main lines of the Canadian Pacific and the Canadian National. Hundreds of these smaller and more attractive hotels and tourist resorts are being overlooked. I should like to know upon what basis the travel bureau advertises, in the United States, tourist facilities in Canada.

Mr. HOWE: The federal government can do only a national job. It invites people to come to Canada; not to any part of Canada, but just to come to Canada. It may show the attractions of various parts of Canada,

but it does not say, "Come to Georgian Bay," or "Come to Quebec City" It does not say, "Come to the Canadian Pacific Hotel at Banff". It says, "Come to Canada". There are other agencies here which do that type of work, the provinces and the transportation companies. They advertise particular resorts and travel between particular points.

I think my hon. friend will appreciate that that is not a job for the dominion government. We simply advertise Canada as a whole. I suggest that the province of British Columbia would be the logical agency to advertise the beauties of Okanagan lake which I enjoyed immensely on my recent visit, even though my purpose in going there was not accomplished.

Mr. FRASER: The minister has said that the job of the travel bureau is a national job. When the director receives an inquiry from someone in the United States, does he write that person and ask if there is any particular section he would like to come to?

Mr. HOWE: Yes. If a person indicates an interest in a certain section, full information about that section is given, either by means of dominion government literature or by means of provincial government literature. The province would be advised that such and such a tourist was interested in such and such a resort. There is a complete exchange of information. The proper agency would reply and give the information. We simply do a national job which is intended to be in the interests of every part of Canada.

Mr. FRASER: The minister says the province would be notified that a person wanted to go there, and in turn they would write to that person. Do you also take it up with any local agency, with a chamber of commerce or board of trade? I come from the Kawartha lake section. Would you take it up with the chamber of commerce at Peterborough or the director of tourist publicity?

Mr. HOWE: We notify the province and the province would notify the particular city. The local situation is a provincial responsibility. It might interest my hon. friend to know that the bureau ships out two tons of mail daily, handles from three thousand to six thousand inquiries daily and has serviced 147,391 inquiries from January to May, 1948.

Mr. FRASER: After looking at some of the exhibits put on by the dominion government—I mentioned this to the director—I believe it would add colour if the Department of Justice would allow one or two mounties with their red coats to accompany the exhibit to the United States. There is no doubt about it, they are dull. They try to put on a good show, but I believe if they had a mountie on the job all the time it would help. Years ago they used to have mounties. Away back in 1900 or 1901 the Trent waterway development association was able to induce the dominion government to help them put on an exhibit in Grand Central Palace in New York city. We managed to get mounties to go with that. That exhibit was put on for about five years. I would like the minister to comment on the sending of mounties along with exhibits to the United States.

Mention was made of insufficient hotel accommodation, and that complaint is perfectly justified. Some of these hotels are not really fit for tourists to go into. That is why the Ontario government is now, last year and this, having all these tourist resorts, cabins and restaurants inspected to see that they are kept clean. If they are not, the owners are told to clean them up, and if they do not, their licence is cancelled.

Has the director received any complaints from fish and game associations in regard to people going up to James bay and shooting ducks and geese from planes? United States tourists have complained to me about that matter.

Mr. HOWE: The complaints ordinarily go to the fish and game departments of the provinces. We have had complaints, and the air regulations people have taken action.

Mr. FRASER: They have taken action recently?

Mr. HOWE: Yes.

Mr. FRASER: What about the mounties?

Mr. HOWE: That is a matter for the Department of Justice. That staff is recruited for the protection of Canada, and during the war it was not possible to divert members of the staff. Perhaps now it will be possible again. I will draw the views of the committee to the attention of the Minister of Justice.

Mr. FRASER: I think the director will agree that it is certainly something that should be done.

Mr. HOWE: It is certainly a great advertisement for Canada.

Mr. ROSS (St. Paul's): The minister said that the 25 per cent tax was not paid by people from the United States on goods they sent home, but they have all the nuisance of going through customs, and a great many visitors do not know that they can get these goods tax-free for shipment home. I suggest to the minister that it might be wise to go through the list of articles to which the 25

per cent tax applies with a view to eliminating the tax. I think the results would be more worthwhile to Canada than anything brought in by the tax.

Mr. MACDONNELL (Muskoka-Ontario): The word "co-ordinate" nearly always frightens me. It nearly always means someone who is put on to help other people work together who probably would work better without a co-ordinator. I am not saying that is true here, because the minister has given us evidence that some real co-ordination is going on. Nevertheless do not let us fool ourselves. As soon as you set up a little kingdom, the king of that kingdom has one great desire in mind, to extend it. He would have to be superhuman if he had not that desire. Therefore I would like to ask a little more about this co-ordination. This has become something quite beyond co-ordination. In the first place, it is spending a lot of money itself. In the second place, it is evidently inviting large numbers of inquiries to be directed to itself. That is not co-ordination. That is setting up a little kingdom of its own. I am not saying that can be avoided. I am only putting it to the minister. It seems to me unfortunate that the inquiries should come in here, then, I presume, be allocated to the provinces, and then be re-allocated to them. I am not wanting to crab this thing because by and large I think a good job is being done, but does the minister not think there is a real danger of allowing this branch to grow up and up and having inquiries directed to itself? Do those inquiries need to come here? Should they not in the first instance be directed to where they are to be acted on?

Another thing; one of the finest ways of wasting money, if one does not watch it, is to give a lot of money to an advertising agency to spend. They will spend it—leave that to them. But whether that advertising produces results commensurate with the expenditure is a question. My query is whether that kind of advertising is anything like as good as money spent on personal contacts.

The minister spoke about publications brought out by the department—"Skiing in Canada", "Rod and Reel". It seems to me that these are a natural thing for a central body to handle, because they deal with conditions across the country. But I would like to hear the minister say a word more on co-ordination, which frightens me so much. Mr. Dolan is a sensible man, so far as I know, who would be able to get people to work together. The minister spoke of having meetings with the provinces. I would like to know whether he is satisfied that this co-ordination is real co-ordination and is not creating a new department here which is doing a lot of work that is just a duplication of what ought to be done in the provinces.

Mr. HOWE: I have been associated with this bureau for quite a few years; it used to be in the Department of Transport. Care is taken that there is no overlapping. Our inter-provincial relations are exceedingly good in this matter. This is one field of endeavour where the provinces work very closely with the dominion. Through co-ordination a lot of duplicate work is avoided. Certain work is allotted to the federal field, other work to the provinces, and still other work to the railways and bus companies, which are also large advertisers in other countries. All this advertising is co-ordinated. You will seldom pick up a magazine and see an obvious duplication of advertising from Canada, which I think is a tribute to the work of the federal bureau. By and large it is doing a good job, and a better job each year, in avoiding duplication in the field of advertising.

My hon. friend asks whether I think advertising is good. I have not the faintest idea. Some people ask if movie publicity is good. I do not know. But most great enterprises do a great deal of advertising and must think it is good. I would think the advertising we do in United States publications is about the right kind of advertising, judging by the standards of other great enterprises.

Mr. MACDONNELL (Muskoka-Ontario): What about having a large number of inquiries directed here which have to be re-routed to the provinces?

Mr. HOWE: It is not a matter of directing them here. The advertising put out by the bureau carries the stamp of the federal bureau; the advertising put out by the provinces carries the stamp of the provinces; the advertising put out by the railroads carries the stamp of the railroads. The bureau is a clearing house. If people inquire of the federal government about fishing in Nova Scotia we would not want to say: We know nothing about it. The bureau acts as a universal clearing house to get the inquiries into the right channels.

Mr. MACDONNELL (Muskoka-Ontario): Would it mar the appearance of the advertisements if they showed the various provincial offices to which inquiries could be directed?

Mr. HOWE: I think that would hardly be feasible. I think you must have a clearing house, and the present system I think works fairly well.

Mr. WEBB: I think it is pretty well agreed that we should have more and better tourist

accommodation. I have been approached by possibly a hundred good clean-cut returned boys who want to go into the tourist business and build cottages of some description to take care of visitors to Canada. The difficulty is they have no funds. They do not want the money given to them particularly, but they want to borrow it. Has the department ever given any consideration to setting up some sort of trust fund or mortgage board of some description through which assistance might be given these boys who have a desire to go into that business in Canada? If that were done we might build up something which might be worthwhile.

Mr. HOWE: A good deal of thought has been given to it. The director of the Central Mortgage and Housing Corporation developed quite a plan, and it is being studied now by the Bank of Canada and by the government. I do not say that it will be put into force next year. It probably requires more working over. It is a fairly comprehensive plan of financing tourist establishments in selected areas. It is quite a big plan. As my hon. friend will appreciate, it takes a good deal of money. It is not a thing to be jumped into immediately, but it is certainly worthy of the consideration it is receiving.

Mr. WEBB: It is receiving consideration?

Mr. HOWE: Yes.

Mr. CASE: Some of us may have wondered why, after all the portfolios he has occupied, the minister was selected to be Minister of Trade and Commerce. This afternoon I think we know why, because he has shown that he is the most versatile man in the government. He has answered questions about financing of soldiers, the mounted police, and so on.

In examining this item, I find there is one thing we have overlooked. I do not know whether the government is overlooking it, but in our discussions I believe we have overlooked assistance toward bringing tourist business to Canada. The tourist business in Canada is tremendous. I think the department, and I know the various governmental services in the provinces, are bidding for the tourist traffic. A very good job is being done in that regard. I am inclined to agree with the hon. member for Leeds that we are just about taxed to our capacity as far as accommodation is concerned. We have various travel associations. I have been associated with the Blue Water Highway Association and the Huronic Historic Sites Association, which embraces that area from Orillia to Barrie, Midland and Owen Sound, which is considered to be the one place where civilization in this country began.

I want to put on the record a few figures which I thought would be of interest to the committee with regard to what tourist travel really means. I am going to refer to the Collingwood area. I could select the city of Owen Sound, the scenic city of Canada, where the atmosphere is so invigorating and the scenery so beautiful; but for fear of being accused of boosting my own home town and constituency, I shall take the neighbouring town, Collingwood. The report I have is for the year 1946, when we had a survey made at Wasaga beach. It is not as up to date as I should like to have it. We have not the figures for 1947. Wasaga beach has a population of around 300 persons, I would say. In eight weeks in 1946 they had a daily average of 55,000 persons. Twenty-five per cent were citizens of the United States. Therefore seventy-five per cent of our own people were patronizing that beach.

We have been seeking to encourage our farmers to believe that the tourist business means as much to them as it does to the businessman. We have encouraged them to invest their funds in tourist associations and to assist in promoting the tourist trade. I shall now give figures to show the amount of food that was consumed and produced on farms adjacent to Wasaga beach in 1946: poultry, 434,840 pounds; butter, 68,000 pounds; eggs, 536,925 dozen; meat, 2,202,000 pounds; vegetables, raw, 4,800,000 pounds; and milk, 186,000 gallons.

In a discussion of the tourist business we hear a lot about United States tourists. We are certainly glad to have the United States tourists; probably we are happier now than ever before because of our exchange situation. It means a great deal to have this tremendous export business, so to speak, of the goods consumed in our own country. I leave that thought with the minister. I am not suggesting for one moment that the government have not had that thought in mind, but the development of our interprovincial and inter-community tourist travel is very important. Generally speaking, however, when we compare the United States tourists who come to Canada, with the vast numbers of our own people who spend their winters in the south in the more moderate climate, I do not know how much we are ahead of the game in the year; but I do know that, in the matter of putting money into circulation, the encouragement of travel gives opportunities and advantages to see our own country, which, after all, so few Canadians know. It affords opportunity for travel in Canada, and that is the one trait we should seek to develop, because we have much in common. Let us have as much of the other traffic from outside our country as we can attract, but let us seek to provide suitable

accommodation for those who are visiting us, so that they will go away with some appreciation of the holiday they have had.

We have certainly a lack of modern accommodation. The province of Ontario is now giving consideration to the inspection of tourist homes, which is all to the good. I am one of those who would like to congratulate and compliment Mr. Leo Dolan. I have had many long years of association with him indirectly, and I appreciate very much the work he is doing. I am glad to see this sum in the estimates, and I hope it will be well spent for the general benefit of the tourist traffic in Canada.

Mr. ADAMSON: I should just like to say this on the question I asked on this item. The figures I asked for are not contained in the annual report of the Department of Trade and Commerce. It is pertinent, because what I am trying to find is the behaviour pattern of the United States tourist when he comes to Canada. It has been said generally that the United States tourist comes to Canada and buys a hot dog and that the Canadian tourist goes to the United States and wants a cabana at $40 a day, or he spends six weeks in a de luxe hotel in Florida. What I should like to find out is this. How many United States tourists come to Canada? What do they spend? How many spend three days or a week in Canada? What do they do particularly when they are here? In other words, what I should like to have is a breakdown of the value of the tourist trade to us in Canada.

I have heard it said that the tourist trade is worth $300 million to Canada in a year. I have also heard that that is an over-estimate. We should have an analysis of the tourist trade so that we can encourage it where it is most valuable. I make one suggestion. The hon. member for Calgary West has made this suggestion before. I refer to the Banff and Jasper national parks, and particularly to the development of those parks in the winter. There are three million people in the United States who ski. According to the best information I can get, the average expenditure is at least $100. There is a traffic of $300 million in skiing alone. Something should be done in the national parks, lake Louise, and Banff, so that we would end up by having these great hotels open in the winter as well as in the summer. There is a tremendous field out there. I should like to have some idea of how many United States tourists come in for two days or three days, and where they go and what their expenditures are. I mention again the development of the Rockies in the winter, because the skiing season is just double the summer season. The people who come to visit us in the winter are not the 24-hour tourists; they are people who come and spend a week or two weeks. On the whole they are much more valuable to us. I wonder whether the department has a breakdown of these figures or whether they can be obtained.

Mr. HOWE: I am advised that a study of that kind is published each year by the bureau of statistics, showing the effect of the tourist traffic on the international balance of payments. I have asked the director to send a copy to my hon. friend today, so that he can have the latest information.

Mr. ADAMSON: There is no study of the behaviour pattern of the tourist when he gets here?

Mr. HOWE: Yes; it covers that.

Mr. ADAMSON: That would be most valuable. It would show the type of tourist coming in, the type who spends a week or a couple of weeks.

Mr. HOWE: I will send a copy to my hon. friend.

Mr. BLACK (Cumberland): I join with others who have commended the minister for the expansion of the department, and also in their expressions of appreciation of the headway made by the tourist bureau. Federal concern in this whole subject originated with Senator Dennis of Nova Scotia, who brought the matter before the senate, where a committee was set up of which he was chairman, and a policy was enunciated. The tourist bureau has developed from these beginnings into the present Dominion Government Travel Bureau, which is its present full name.

Reference has been made to other parts of Canada, but in this discussion I have not heard anyone refer to the maritime provinces, and that is a serious neglect, in view of the fact that the present tourist bureau in Canada had its origin in Nova Scotia with Senator Dennis, and the director, Mr. Dolan, is also from Nova Scotia; yet the maritime provinces have not been mentioned.

I do not believe there is a section of Canada that has greater attractions for the tourist than our provinces by the sea. Every part of the maritimes has its particular attractions. The visitor will find a great deal of enjoyment, health and hospitality in the Annapolis valley, the south shore, unequalled scenic beauty of Cape Breton island—I do not think it can be equalled on the continent of North America—along the Northumberland straits, in the county of Cumberland, and Prince Edward Island with our warm sea water and clear invigorating air. We hear of

millions, indeed tens of millions of dollars being spent in the development of tourist resorts in the state of Maine, but there is no such expenditure in the maritime provinces where we have equal or greater attractions.

The minister should make a special effort to induce more people from central Canada to visit the maritimes, thus saving Canadian dollars. Large numbers go there now, and once they familiarize themselves with the attractions and the healthful surroundings, many decide to establish summer homes there. For every one that goes there now, there should be hundreds. No part of the tourist business holds out greater possibilities for development than the maritimes—Nova Scotia, Prince Edward Island and New Brunswick.

I commend the minister for the development of this branch. I know how busy the director is at this season. I picked up my home paper today before coming into the chamber, and I see that a special invitation has been extended to Mr. Dolan to address the board of trade of Amherst, but he replied that he was unable to do so because he was too busy serving the people in central Canada. He could not give special attention to our part of Canada. Perhaps I am not quoting him correctly, but I think that is, in effect, his reply. At any rate, I am pleased to support this appropriation.

Mr. MURPHY: I support the request made by my hon. friend (Mr. Adamson) for a breakdown of the amount involved in the tourist industry, and I would ask the minister to separate it into provinces and seasons.

Mr. HOWE: I am not sure what the breakdown is; I have not seen it. Such as it is, however, I will have it sent to you.

Mr. MURPHY: Another suggestion I have to make, and I offer it in the belief that it will produce good results, is that when the next session opens we should set up a House of Commons committee on the tourist industry. I know a committee of this kind has been functioning elsewhere, but I am confident that a committee of the House of Commons, representative of all the provinces, would make a great contribution to the promotion of the tourist industry.

Mr. ADAMSON: If the tourist industry is worth $300 million a year, it is one of the first two or three industries in Canada, and an analysis should be made showing how the money comes in.

Mr. GILLIS: I, too, am pleased to join with the hon. member for Cumberland and others in support of this vote. There are two things

[Mr. Black (Cumberland).]

I would say. First I wish to compliment the director on his activities. His work is excellent, and that is to be expected; he is a maritimer, full of energy. He is one of those whom we had to export to promote national affairs. An hon. member suggested that the director might be made a deputy minister. I do not think that is really intended; but in this department, as in all departments of government, the work of those who direct matters in the field is to a large extent restricted by red tape. There are many things that could and should be done quickly; but it is necessary for the field workers, who have the actual job of administration, to go back to the deputy minister and finally to the minister, and by the time certain orders and regulations that are called for have been got through to the minister, the tourist season is over.

I would suggest that the person who directs the tourist bureau should be given considerable latitude and authority to carry out the work, without the necessity of going back and checking and rechecking and getting orders, and all that kind of thing.

There is one point I would make in regard to promoting the tourist industry of the maritime provinces, and that is with particular reference to my own end of the country, Cape Breton island. The tourists who come to that part of the country are not in the ordinary category of tourists. They are largely people who migrated from that part of the country to the United States and particularly to the New England states. There are thousands of them, and these people would like to come back, but one thing that militates against a larger number returning to that part of the country is the condition of the secondary roads leading into certain sections. Did it ever occur to the minister to inaugurate a direct plane service from that airport in Sydney to Boston or other airports in the New England states?

Mr. HOWE: We have that now.

Mr. GILLIS: A direct flight from Sydney?

Mr. HOWE: It stops at Halifax.

Mr. GILLIS: Yes, on a roundabout course. It costs a great deal more money. That is something like getting from Ottawa—

Mr. HOWE: It does not cost more money.

Mr. GILLIS: Yes, it goes to Halifax and Moncton; and you have to roam all over the country and pay a great deal more money in order to get to that destination. I am suggesting a direct flight which would cut the time down considerably as well as the expense. Thousands more people would be

brought in if that kind of service were established in place of what we have at the present time.

The tourist industry in Nova Scotia is one of our major ones today. Just recently I saw a report by the minister of industry of Nova Scotia, and the amount of money left by United States tourists in Nova Scotia staggered me. I never thought it ran into the figures shown in the report. If that report is true for that section of the country, I think it is true for nearly all of Canada. This would be one of the greatest industries assisting in the cutting down of our shortage of United States dollars, if we could bring more people in and have them spend their money here. I merely rose to make the suggestion of a direct plane service between that Sydney station and eastern United States stations, because I think it would pay for itself.

In the second place, I wanted to say that I appreciated the work done by the director. I have had considerable contact with him. He is active and always on the job. The field workers in all departments such as this one should have a great deal more authority than they have. If the line of red tape back through government, which is necessary under the present arrangements, were cut considerably and if a little more authority were given to these workers, I believe they could do a better job in promoting the industry.

Mr. McLURE: I wish to solicit the support of the minister to the end that he may use his influence with his colleagues in the other departments. I have reference to the final road leading to our national park, which is our drawing card for tourists in Prince Edward Island. A short distance of road—about three-quarters of a mile—in the park area is under dispute. The dominion government do not wish to take it over; yet they claim they own it. The provincial government will not repair it. Between the two of them, the road has really become a mud-hole for about a mile over which tourists must travel in order to get down to the beach and also to get to the finest golf links, they say, in Canada.

One other thing we have appreciated in the advertising in the last couple of years is the fact that Prince Edward Island is now on most of the maps I have seen. Prior to two years ago, we were put on about once in every ten years.

Mr. GRAYDON: The hon. member advertises the province every day in the house.

Mr. McLURE: However, this improvement is probably due to the fact that advertising experts have found that there is in Prince Edward Island a tourist resort equal to any. Now we are getting a better return from the advertising. As I mentioned before, until last year we could not get proper accommodation for most of the tourists who came there. But this year I think we shall be able to take care of twice as many tourists as we have taken care of in any other season. We are proud to say that, through good advertising and through having a good place to which to come, I understand that the Governor General of Canada is to vacation in our province this summer. We hope that this will be one of the finest advertisements we have ever had for the tourist business in Prince Edward Island.

Mr. HOWE: I may say that I have a special interest in that bit of road. In my house I have a handsome piece of plate awarded to the victor of the tournament held at the opening of that golf course, and I will ask my colleagues to give consideration to this matter.

Mr. SMITH (Calgary West): I merely rise, Mr. Chairman, so that the public will know that there is someone from Alberta here.

Mr. HOWE: If this item could be considered carried, I should be glad. It is necessary for me to leave now in order to catch a plane, and I shall turn over the responsibility to my colleague, the Minister of National Health and Welfare.

Item agreed to.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

245. Departmental administration, $623,428.

Mr. FLEMING: I have some remarks to make on this item, Mr. Chairman; but at the outset I should like you to give some indication to the committee, for its guidance, as to the extent to which members may discuss, under this section, the subject matter of additional grants to assist the construction of hospitals, and other health matters proposed by the Prime Minister in his statement in the house about a month ago. The Prime Minister at that time indicated that supplementary appropriations would be introduced in due course to deal with that matter. I think it would be of assistance to all the members of the committee, Mr. Chairman, if you would indicate at the outset if that matter may be discussed.

The DEPUTY CHAIRMAN: No. I would have to say immediately that it would not be in order to discuss it under this item.

Hon. PAUL MARTIN (Minister of National Health and Welfare): May I say one word in that connection. I had a chance of informally discussing this matter with several members of the house, including the hon. gentleman who has just spoken. I suggested that, as there would naturally be great interest in the details of the program announced by the Prime Minister, and that, as the supplementary estimates in connection with that program are not yet before the house, we might avoid duplication of discussion if we confined the general discussion in connection with this department to the moment when we have before us the supplementary estimates, which would give ample opportunity for a wider discussion and thereby possibly avoid discussing the same matter twice. I am in the hands of the committee in the matter, but I understood from the conversation I had with other hon. members that such procedure would likely be in accord with their views and wishes in the matter.

Mr. FLEMING: May I just say that if a ruling is made to that effect, which will be binding on the committee, it will, I am sure, be entirely satisfactory to all of us. We all wish to be guided by the same ruling in this matter. It is of the highest importance. If you make that ruling, Mr. Chairman, we will adhere loyally to it. We understand, however, that when the supplementary appropriations are brought down, they will be brought down at a time that will afford an ample opportunity for discussion of this matter.

In other years it will be recalled that in the discussion of the estimates of the Department of National Health and Welfare much has been said about the kind of program members have felt should be brought in. If we leave over that kind of discussion for the supplementary appropriations, then I suggest it is most important that the government allow ample opportunity for it, and that it should bring in the supplementary appropriations at a time which will give hon. members ample opportunity for discussion. I suggest that we should not be caught at the last moment in a rush which may lead to glossing over a matter of such great importance. Would you give a ruling, Mr. Chairman?

The DEPUTY CHAIRMAN: I shall have to rule that it would not be in order to discuss matters which will be brought in later with the supplementary estimates. We shall have to confine our remarks to the item now under discussion.

Mr. FLEMING: Thank you, Mr. Chairman. There are some remarks of a general nature I should like to make respecting the estimates of this department.

We have before us increased estimates for the fiscal year. The estimates for the new fiscal year amount to $345,660,705, whereas those of the previous year were $319,990,101, showing that the department is budgeting this year for an increased expenditure of $25,670,604. This department is now the second greatest spending department among all the departments of government, its expenditures being exceeded only by the Department of Finance, and in that instance only because of the charges paid annually through that department on the national debt.

For those who like to compare expenditures on these vitally important subjects of health and welfare with expenditures on other matters of essential importance, I mention in passing that the expenditures this year for the Department of National Defence are $232,408,239.95, and that the expenditures this year for the Department of National Health and Welfare will therefore exceed those of the Department of National Defence by about $113 million. When the supplementary estimates are introduced, as forecast by the Prime Minister some weeks ago, we may expect further substantially increased expenditures in this department, marking it as the department through which there is the greatest expenditure of funds for services in the Dominion of Canada.

These figures demonstrate the importance of the department and the importance of the task upon which the committee is now engaged in reviewing the estimates. I make no apology for alluding at this point to a matter to which I have referred in previous sessions because, unhappily, this is about the only opportunity one has of adverting to it.

I have had on the order paper for the last four sessions the following resolution:

> That, in the opinion of this house, standing order 63 be amended by adding after subsection 1: (m) on public health, welfare, social security and housing to consist of thirty-five members, ten of whom shall constitute a quorum.

This proposal is for the establishment of a standing committee on health, welfare, social security and housing. We have a great many committees of the house, some of which function actively, and some of which do not. But we have not yet, even in this year of 1948, established a committee charged with the responsibility of reviewing matters of the kind to which I have referred. I believe most members, when confronted with those matters, would frankly concede them to be of the highest importance. Great advantages would accrue to the house from the appoint-

ment of a standing committee on health, welfare, social security and housing. The value of such a committee would be demonstrated not alone in the matter of reviewing estimates, although at a time like this I suggest its value would be clearly demonstrated. I am thinking more of the duty placed upon hon. members to inform themselves of all aspects of these important matters.

We gather information from reports—which often are stale by the time they reach us. We try to keep ourselves informed through the press and other publications. Hon. members, however, have not an opportunity of questioning officials of the department at first hand, a procedure which I conceive to be one which would bring great benefit to the House of Commons by way of obtaining additional information and making the house better informed as to the functions of the department. Such a committee would assist the house greatly in determining where money can wisely be spent for purposes of health and welfare, or where it might be more wisely spent than it is at the present time. It would give an opportunity, furthermore, for the proper analysis of proposals submitted by various interested organizations such as medical and welfare groups, those who are making a study of housing problems, and labour organizations which have done much in giving assistance and oftentimes a lead in the approach to social problems.

A committee of the house could go into matters of that kind in a really useful and efficient manner, at first hand. Present procedure denies us that opportunity. We can put our questions to the minister. He will answer certain questions; but we do not have first-hand contact with the information in the minds of the officials.

I believe the minister has sympathy for this proposal. I would urge upon him to press it, and to the limit of his resources to endeavour to bring about an amendment of the rules of the house which would permit the appointment of such a committee. It seems to me utterly useless for a private member to place on the order paper a resolution in which he seeks to amend the rules, even where those rules appear to be archaic. As I have pointed out, my resolution has been on the order paper for four sessions; and at the rate we are going I suppose it will be there for fifty years before it will ever be reached. But the government has it in its power to advance proposals of the kind, if it wishes to take the subject in hand. I urge upon the minister that he regard this not only as an opportunity, but as a duty.

When we come to a review of the estimates we see at once the usefulness of such a committee. I do not wish to thresh old straw, because I have spoken on this subject before. I must say, however, that I believe the house approaches its task of reviewing estimates inadequately equipped for the purpose. That inadequate equipment is not the fault of members of the house, nor do I think it is altogether the fault of the government. I do say we must revise our procedure with a view to improving its efficiency. No business organization in the country would approach the problem of budgeting for its fiscal needs in the ensuing year without knowing precisely what was expended in the previous one.

In the present instance we are dealing with the expenditure of about a third of a billion dollars, but we have not before us the expenditures made by the department last year. We have to assist us in our comparisons only the appropriations which were voted last year. We do not know in the case of any item to what extent the appropriation is exhausted. We do not know to what extent the appropriation proved to be more than was required. The committee is simply working at least in the dusk, if not in the dark, in proceeding with its budgetary task on that basis. What the committee ought to have before it, before it ever settles down to this task, is the full detail of last year's expenditures under these items.

So that I may put myself on a common footing with the minister, at this point I am going to ask him to give to the committee when he speaks—this will save the time of the committee of the whole—details of the expenditures made last year in connection with every item appearing on pages 33 and 34 of the estimates. I asked that last year, but the minister chose not to give it and I was compelled to ask for the previous year's expenditure on each item as it was reached. In order to save time, I hope that this year the minister will give the committee a statement in advance showing the actual expenditure under each item. I know that will save time, because I for one intend to make it my business to find out the actual expenditure last year on each item. In the external affairs committee where we were reviewing the estimates of the Department of External Affairs, we were furnished, before we began our task, with detailed expenditures under each item of the estimates. That was of great assistance to the committee and saved much time.

There are some other matters of a specific nature which I intend to take up, but at this stage I ask, as the first item, that the minister furnish us with further information. One reason

why it is necessary to ask for this information is that the reports we have before us are stale by the time they reach us. Of course, that situation is not peculiar to this department; it is inherent under the procedure under which we work. The last report we have is for the fiscal year ended March 31, 1947. The information in that report is now fifteen months old. Conditions change and a report of that kind is of limited use at this stage. I ask the minister to supply us with certain general information. First, will he tell the committee the number of employees in the department at the present date. According to the annual report to which I have referred, the number of employees in the department at March 31, 1947, was:

Permanent	303
Temporary	1,625
Total	1,928

I am sure the committee will be impressed with the small proportion of employees on a permanent footing and the high proportion of employees on a temporary footing. We appreciate that this is a young department, having been in existence now for a trifle under four years, but one would expect that by this time a greater number of employees would be on a permanent footing. I think it will interest the committee to know the number of employees today and to have that number broken down as between permanent and temporary employees. I have already asked the minister to furnish us with the detailed expenditures of last year.

There is another matter which I am sure will interest the committee, because the committee has shown its interest in it in previous sessions. There are many amounts scattered through the various branches of this department under the euphonious title, "Educational and informational publicity." I note that the amounts budgeted for this year aggregate $406,850, whereas last year the amount budgeted for was $480,507. It would appear that there has been a reduction of $73,657 in these items for so-called educational and informational publicity, formerly called "publicity and information." However, I have a suspicion that if we compare the actual expenditures last year with the amounts estimated for the present year we shall find that it is not a decrease but an increase that is being estimated for now. I ask the minister to give the total expenditures last year under these items of educational and informational publicity.

I am also interested in the items of travelling expenses. There are many of them scattered through the various items, I think approximately thirty. According to my calculation, these amounts total no less than $643,000. Last year the aggregate amount budgeted for was $515,650. The estimates this year show an increase of exactly 25 per cent over those of last year. The committee will wish to know why there should be such a substantial increase in the travelling expenses for this year. In case any wrong inference should be drawn, I ask hon. members to look at page 190 of the estimates. They will then see that the amounts provided under travelling expenses apparently have no relationship to the expenses of delegates to international conferences. We know that leading officials of the department on both health and welfare sides are being asked to attend international conferences at New York and elsewhere, and under the departmental administration item there is an item on page 190, reading as follows:

Allowances and other expenses of delegates to international conferences, $10,000.

From that, I assume that the other items of travelling expenses have no relationship to the expenses of delegates attending international conferences. I again observe that the travelling expenses for this year show an increase of 25 per cent over the estimates of last year. I think the committee will wish to know the actual amount expended last year on travelling expenses because, if the estimates of this department run true to form and history repeats itself, I believe it will be found that the amount actually expended last year was less than the amount estimated, and therefore the increase in the estimates of this year over the expenditures of last year will be more than 25 per cent.

For the purpose of saving time, I ask the minister at this stage to put on the record the information that he has in relation to family allowances. The kind of information I refer to is to be found on pages 4465, 4466 and 4467 of *Hansard* of last year. If that information were put on the record at this stage it would give hon. members an opportunity to prepare their questions on the matter, and time would be saved. If it is left until the item is reached before the information is put on the record, more questions will probably have to be asked because we would not have the figures before us. I make that suggestion in the interests of saving time.

I turn now to another subject. I shall be brief, because I do not desire to prolong these remarks as I believe the committee will wish to discuss the items. The subject I should like to mention now is the dominion-provincial relations with respect to health and welfare. I have no intention of trespassing on a subject which will be discussed when the supplementary estimates are before us. But we do

know that a conference was held in Ottawa this week, attended by officials of all the provincial departments of health, at the invitation of the Minister of National Health and Welfare. If the minister is in a position to give a report on that conference, without revealing matters which should not yet properly be revealed, I would urge him to do so. The country and, I am sure, this house are anxious to know the subjects that were discussed at that conference, what success attended its deliberations, and what action may be expected to ensue from the conference.

It is significant, I think, Mr. Chairman, that when an invitation was issued by the dominion authorities for the holding of a dominion-provincial conference in this field, which requires joint dominion and provincial action if it is to be properly covered, all the provinces readily responded. I think that indicates to all and sundry the readiness of the governments of all the provinces to meet together with the dominion and with their sister provinces to discuss matters pertaining to health and welfare for the general advantage of all Canadians. I hope that that start will be followed up and that the dominion government will follow through now by calling another dominion-provincial conference or conferences with a view to bringing about common consultation and common action in matters of common concern to the dominion and the provinces.

We see great needs to be met in the field of health and welfare in Canada. Many of the needs are of critical proportions. I know the house is familiar with them. On the health side we have a critical shortage of nurses, a critical shortage of hospital accommodation, and a serious shortage of doctors, particularly in certain areas. We see certain diseases increasing in their incidence in Canada. For instance, I am sure the house was impressed by the report issued last fall by the Canadian Tuberculosis Association, calling attention to the necessity of an intensified tuberculosis program across the dominion, and pointing out that ground was lost in the previous year in Canada in the fight against this scourge. A total of 5,797 Canadians died of tuberculosis in 1946. The death rate from tuberculosis climbed from 45·9 per 100,000 of population in 1945, the all-time low, to 47·2 per 100,000 in 1946. Perhaps the minister will have further figures for the full year 1947. Perhaps those figures are not yet available. But let no one think the fight against tuberculosis has been won when we see this scourge raising its ugly head once again in this manner.

Mental disease in Canada appears to be on the increase. Last year more than 53,000 persons were treated for mental disease in institutions for that purpose in Canada, and the cost this year of fighting mental disease in Canada will approximate $30,000,000. That is only one aspect of the tremendous cost of disease and does not take into account all the impairment of health, the impairment of efficiency, and the loss of production of wealth in Canada by reason of illness and impairment of faculties.

The committee will wish to hear from the minister what precisely has been expended from dominion revenues on research. We hear a great deal of talk about research, but there has been altogether too much inclination to leave the burden of meeting the cost of research on the provinces and on institutions such as universities and hospitals which are largely supported by provincial and, in some cases, by municipal revenues. The committee will wish to hear from the minister exactly what sums out of dominion revenues were actually devoted to research in the field of health in Canada last year. The impression I think of most Canadians who have studied this problem is that research has largely been starved in Canada.

Again, on the welfare side, we find similar needs and similar shortages. There will be opportunity as the debate proceeds to discuss some of the needs. I mention, in passing, the serious shortage of trained social workers in Canada. I am glad to see that grants are proposed again this year to assist schools of social work in Canada. They are needing assistance because they will need to turn out more and more young people trained for social work if we are to have any hope at all of meeting the needs in this field. We cannot hope to hold our social welfare workers in Canada in places where they are so badly needed at the present time unless their salaries are commensurate with the need and importance of their work. We have been losing, over a period of years, many of our best trained social workers to the United States and in other avenues of employment, because of the inadequacy of the remuneration offered to them in welfare organizations and in public service at various levels of government.

My concluding observation in this preliminary debate is this. In the vitally important fields of national health and national welfare there can be no standing still. New needs are pressing upon us all the time as life becomes more complicated on the social side. On the health side the tremendous loss that ill health and disease take in toll each year has made such an impression on the Canadian people that I believe they are fully convinced that

the health of all the people of Canada is the concern of all the people of Canada. I am glad that there will be an opportunity later, on the supplementary appropriations to develop our views on this point further. I leave this thought before the committee. Whatever promises to assist in meeting our problems with respect to national health will, I am sure, be readily subscribed to by all parts of the house.

Mr. KNOWLES: Mr. Chairman, perhaps this is a department the estimates of which would be best dealt with item by item as we go through them. In other words, it might be well for us to limit our discussion on this general item. Accordingly, I shall try and follow my own advice and make my remarks brief at this time; but I should like to indicate a few of the subjects in which we feel the people of Canada are particularly interested, and concerning which we shall have something to say as we go through the various items.

First of all, I want to say that I accept the suggestion and the ruling of the Chair that we wait until we reach the supplementary estimates before we discuss the government's recently announced health program. That, of course, is one of the features of the work of this department which, at the moment, attracts great interest because it is new, and because it is a beginning which we hope will develop into something really worthwhile in the not too distant future.

However, as we go through these estimates which are before us today, I note that there is again the usual item covering health insurance studies. I hope that when we reach that item the minister will have something to say about it. I remind him that last year we were disappointed over here—the disappointment was expressed in particular by my colleague, the hon. member for Mackenzie—to discover that all the money voted the previous year for this purpose had not been expended. In fact we felt that not sufficient work was being done in this field. I note now that there is a decrease in the amount asked for under health insurance studies this year. I am sorry to note that. It seems to me that the opposite ought to be the case.

Mr. MARTIN: If the hon. member will wait until the item is called I can explain it.

Mr. KNOWLES: All I am saying is that I am warning the minister that this is an item in which we are particularly interested.

Another item which we shall have something to say about relates to the question of family allowances, and I should like to ask the minister to be ready in particular to tell us whether consideration has been given to the request made to him a number of times regarding children of immigrants coming to this country. That is a point which the hon. member for Dauphin made most recently the other evening. We feel that it is unfair to children who come to this country to be put to the disadvantage of being denied the benefit of family allowances until they have been here for three years.

When the family allowances legislation was brought in it was emphasized by the Prime Minister that it was for the children, and that they were not to suffer any disabilities for causes over which they had no control. A case in point is that of illegitimate children. It was pointed out that it was not their fault, and that they should get the benefit of the allowances, as they do, and rightly so. It is hardly a comparable case, but in a sense it is, and I suggest that this is an amendment to the act—if that is the way it has to be done—that is overdue. I hope the minister will have something to say about it when the item is reached. I do not recall whether we had a great deal of discussion about this phase of the matter when the bill was before the house in 1944. The likelihood is that at that time we were not thinking in terms of the more extensive immigration that we are having at the present time.

Another of the items in which we are particularly interested is that relating to blind pensions. I speak of blind persons separately from old age pension recipients to emphasize the fact that the time has come for special legislation for these people. The minister knows of the representations that have been made by the various organizations representing the blind, and I hope that we might get some word from the minister this year as to changes which might be in prospect with reference to legislation affecting the blind.

In particular I should like to urge that the time has come for us to spend a little more money on the prevention of blindness. It seems to be the case—maybe I am overstating it so as to drive home my point—that a person who is in danger of becoming blind is unable to get financial assistance that might be necessary to procure the medical attention to prevent it. Rather, he is told to go back home and wait until the blindness has overtaken him and then he can qualify for the pension. As I say, Mr. Chairman, maybe I have overstated it a bit, but I have done so to emphasize the point, and I hope that the minister may have something to say along this line that will indicate some new and better legislation with respect to blindness and blind pensions.

Lastly, when we reach the item having to do with old age pensions I hope that we may have some better news from the minister than has yet been forecast during this session. The day that the Prime Minister made his announcement about the health program there were rumours about that announcement around this house of rumours in which we live. The rumour was partly correct, but only partly, because many people around thought the announcement was also going to contain some amendment to the Old Age Pensions Act itself. I hope that the minister will have something to say to us along that line, while we are dealing with his estimates.

I know it is only a year since we amended the Old Age Pensions Act and raised the basic amount to $30 a month. Once an amendment like that has been made, there is always a tendency to sit back and accept it as sufficient for the time being; but I submit to the minister that what has happened to the cost of living—and as chairman of a certain committee he knows all about it—during the year which has passed since the amendment was made, calls for an improvement in the standard of living that we make possible for our old age pensioners. I hope that the minister will not try to pass this back to the provinces again. We can indulge in that kind of political warfare if we want to among the various provinces of this country, but I hope that we shall not do that here in this house. The thing that I deplore is that this question has been made a football, passed back and forth from one level of government to another, with the result that the old age pension varies from province to province, and the old age pensioners themselves are the victims.

I feel strongly that the time has come to increase the amount and to put it on a nation-wide basis. There are two or three different approaches to this question which I suggest to the minister. One would be the implementation of the federal government's offer to the provinces back in 1945. I feel that the failure of two provinces to sign dominion-provincial financial agreements is not sufficient excuse for the failure of the government to go ahead with the implementation of these proposals, at least for the people of the provinces that have agreed. But I go further than that. I do not feel that the people in the two central provinces should suffer because their provincial governments have not seen fit to make certain agreements with the federal authorities at Ottawa.

Mr. FLEMING: They are not suffering.

Mr. TIMMINS: They will look after themselves. You talk about Saskatchewan.

Mr. KNOWLES: If my hon. friends want to make interjections like that I will tell them that in the province of Saskatchewan an extra $5 has been added to the basic $30 by the provincial government.

Mr. TIMMINS: After you took it away.

Mr. KNOWLES: Just a minute. They have added an extra $5, and that $5 is being paid to the old age pensioner of Saskatchewan. It averages out to something like $4.42 per pensioner, which added to the average that the Saskatchewan old age pensioner gets on the basis of the basic $30, brings the average per pensioner up to $34 a month, while the average in Ontario—where so much has been said about an extra $10—is only $31 a month.

Mr. SMITH (Calgary West): In view of the preliminary ruling which was given, I think we have gone afield in the discussion of the first item so far as this matter is concerned. I did not wish to interrupt my hon. friend until he had finished his additions, but we should confine ourselves to the item before us.

Mr. KNOWLES: The point of order taken at the beginning was clear. Those of us who have spoken have respected the ruling of the Chair, which was that we were not to discuss the recently announced health program but should leave that until the supplementary estimates dealing with it are before us.

Mr. SMITH (Calgary West): But the Chairman added that we should confine ourselves to the rules under item 1.

Mr. KNOWLES: Item 1 is departmental administration, governing the work of the department, and as a matter of fact I am covering some of the same items that were dealt with by the hon. member for Eglinton.

Mr. SMITH (Calgary West): I will withdraw my point of order.

The CHAIRMAN: I should point out that if general discussion is allowed on the first item, no particular item should be discussed in detail. We will call the items and then there can be a discussion on each item. I shall leave it to hon. members not to transgress the rule that discussion should be strictly relevant to the item under consideration when we are in committee.

Mr. KNOWLES: I assure you, Mr. Chairman, I am seeking to avoid any transgression of the rules, and had there not been these interruptions I would have been through and back in my seat before now. I tried to indicate the things that we are interested in, so that the minister might be ready to deal

with them as we come to the various items, and in another sentence or two I would have been through.

In addition to the possibility of implementing the federal government's proposal to the provinces in 1945, in respect of old age pensions, I would say that the government should also consider a higher amount than they proposed at that time, which was $30 a month to all persons seventy years of age and over, without any means test.

Mr. MARTIN: The hon. member for Calgary West was certainly correct. What you are doing now is discussing specific items. When we come to old age pensions, that is the place to make an argument. You are putting me in the difficult position of having either to reply or not to reply. The proper place for the discussion of a particular question is under the item covering it.

Mr. KNOWLES: It is strange that neither the hon. member for Calgary West nor the minister said a word during the speech of the hon. member for Eglinton. I assumed he was in order, and he not only dealt with the individual items on page 33 of the estimates, but turned to the details on pages 190 to 201. This whole point of order is one that we have to get straightened out some time.

Mr. SMITH (Calgary West): I did not say anything, but I thought the hon. member for Eglinton was out of order, and I still think so, but I am not supposed to get up and check him. That is not my job.

Mr. KNOWLES: One more sentence or two and I shall have finished. The other point I wish to make is that the people of Canada feel that the time has come for a complete overhauling of our old age security legislation. It is time to put it on a contributory basis, because what we wish to achieve is a complete, over-all program of social security which will protect the Canadian people against all circumstances beyond their control, and which, in particular, will provide adequate and dignified security in old age.

Mr. SMITH (Calgary West): I hope I shall not transgress any more than anyone else has done. In any event, I shall be only two or three minutes. There are two things in which I am particularly interested. One is the treatment of the blind, which I can find in the details; the other is the question of arthritis, which I am not bright enough to find in the details. I will ask the minister, before we rise at six o'clock, to let me know roughly where it will appear. A third thing I want to do is to ask the minister, at some time during his estimates, to prepare a table, which should not be a difficult matter, taking the progressive population of Canada and the progressive use of hospital beds and making a comparison. I think the minister will see what I am driving at. I know there are shortages of hospital beds, but if the hospital-bed occupancy is increasing beyond the population increase, there are certain conclusions we might draw, and I do not think that would be a matter of great difficulty.

I am very much inclined to think that in this department we should have some such method as that suggested by the hon. member for Eglinton, or a variation of it, where we members of parliament might have a preliminary examination of the estimates. That is particularly true of this department. Take finance; we all have some knowledge of that. In this department, however, we are dealing with operations within the department, of which we as laymen are perhaps in the most complete ignorance. I know I am in that situation with respect to these various matters. Take the word "arthritis". If we were in committee it would be of great value to me to examine, in the most friendly way of course, and purely for the purpose of getting information, and not at all critically, to find out what these professional people have been doing by way of research and so on. It would help us all to answer the many letters we get, dealing with a subject like this.

In the estimates there are some big words the meaning of which I do not know. I have no idea whether this or that word stands for some part of the human body or something used in the laboratory. I do not know what it is. I think a committee, a reasonably large one, to which the rest of us might be invited to sit in and listen, would be advisable. We could hear doctors and physicists, research people and chemists, giving us in ordinary language an account of their accomplishments or their failures; in any event, what they have been trying to do. In this department, above all, that would be valuable to all of us, and I am certain it would help us intelligently to examine the estimates. If it did no more than broaden our own education it might be worthwhile, I hope I have not breached the rules any more than I said I would.

Mr. SHAW: An examination of the individual items indicates to us that there is hardly a subject which is not dealt with under some specific appropriation. I shall therefore refrain absolutely from making any reference whatsoever to those matters mentioned in the separate items.

During the course of two or three or possibly more years, and again today, the

hon. member for Eglinton has reminded the house of a resolution which he proposed. It is a resolution which he has had on the order paper for some time, calling for an amendment to standing order 63, which would result, of course, in the setting up of a committee of the house on health and welfare. I for one stand solidly in support of his motion. I cannot understand why there should be any hesitation whatsoever on the part of the minister or the government themselves in recommending and advocating the establishment of such a committee. I am one who happened to be a member of the social security committee of the House of Commons which sat for a couple of years. I regard the experience I obtained as a consequence of being a member of that committee as being of inestimable value.

These estimates always seems to come before the house during the dying hours or days of a session. It seems hardly fair, when one realizes the importance of national health and welfare, that we should be placed in the position of being given such a limited opportunity not only of expressing our views but of acquiring the many facts relevant to these two important subjects. I realize that in the debate on the address in reply to the speech from the throne or possibly during the budget debate we can make reference to health matters; but the minister is not always here, and he cannot be expected to be. Therefore, as a rule we find ourselves just talking with no opportunity of securing information or of asking questions. Consequently I urge that appropriate action be taken to amend standing order 63 for the purpose of setting up a committee which can sit throughout the months of a session and do the important work which I believe such a committee can do. Having said that, Mr. Chairman, I shall go no farther at the moment because, as I stated earlier, there is to be an opportunity to discuss the many other items in which I am particularly interested.

Mr. BLAIR: I find it difficult this afternoon to follow this discussion. Owing to the fact that the supplementary estimates are to be introduced at a later time, also to the fact that we cannot consider some of the items on the list without coming to the same discussion which would sooner or later entail these supplementary estimates—

Mr. MARTIN: That is right.

Mr. BLAIR:—I shall confine my attention to a few remarks in general, and reserve any criticism I have for that future time when we have been promised an opportunity of discussing these items.

I am interested in the matter of the setting up of this house committee referred to by the hon. member for Eglinton and the hon. member for Red Deer. That resolution has been on the order paper for two successive years.

Mr. FLEMING: Four.

Mr. BLAIR: The hon. member says it is four. We should really do something about it. It is true that we have in this house a voluntary committee on public health, but that is more in the nature of an entertainment committee. I readily enjoy going to those meetings. The subjects under consideration are often technical in nature. We enjoy the lectures and the social part of the proceedings. But from the viewpoint of accomplishing anything in the way of national health or public health, I think it is a waste of time. A little while ago the hon. member for Calgary West said he was confused in regard to technical matters. We have had two or three fine lectures which would be really hard to follow if one did not have some acquaintance with the subject itself. All hon. members are not well versed in these technical matters.

Having regard to national health conditions in Canada, I feel that this house owes more to its members than just this voluntary committee on health that we have. The chairman of it is doing a good job, but it is an unfortunate fact that we have a secretary from outside the house, and with no connection with it whatsoever, who arranges the meetings and the subjects discussed. While that is all very well and convenient, something is lacking. If we had a committee of the house on health, with members appointed by the various parties, at whose meetings members of the house could be present and listen to the discussion, I believe it would be a step in the right direction.

Certain vital matters were placed before the house, and I believe that more opportunity should be given to discuss some of these questions than is afforded by a few hours on the estimates. Very few of the items before us today do not dovetail in some place with the supplementary estimates. If, for instance, this proposed committee were set up and members of the house had an opportunity of listening to the people called in by this committee as experts, they would be better educated in the subject of national health. It is only necessary to look around the chamber today to see the small interest that is shown in these matters. The average member says that these are matters for the people who are dealing with national health, such as the doctors and the

minister. Their attitude is that they do not know anything about it but will do whatever is right and will vote any appropriations that are necessary. Therefore I agree with the hon. member for Eglinton.

I brought this matter up a year ago. I made an appeal for a committee of this house to examine into certain things. There are two salient facts before this house and we should not lose sight of them. As I have repeated time and time again in this house, you cannot get by the fact that forty-two per cent to forty-four per cent of the young men who were called up for service were found to be unfit. If the percentage of unfitness was so low in that group, there is no doubt that it is much lower in other age groups. From the standpoint of national defence, no nation can be strong with forty-two per cent to forty-four per cent of its young men unfit.

The other fact to which I referred is one which cannot be disputed. We congratulate the minister or any other person concerned that the infant mortality rate is gradually dropping. At the present time it is 5·2 per thousand of live births. But you cannot get away from the fact that the percentage in the United States is 3·8. That nation has a large southern population and large cities with large congested areas. It does not stand to reason that in this country, with twelve million people, we should have a higher infant mortality rate than has the United States. Something is radically wrong. Such matters as cancer, tuberculosis and that sort of thing will naturally come up when the supplementary estimates are discussed, as will also the question of hospital beds and in fact practically all the most important items that come up in the main estimates.

Mr. MARTIN: Everything.

Mr. BLAIR: So that I reserve any criticism and anything else I may have to say until that time. I think we are wasting time to duplicate the discussion.

Mr. MARTIN: I hope there will be some praise, too.

Item stands.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

DEPARTMENT OF TRANSPORT

The CHAIRMAN: The committee was considering item 520, radio receiving licences.

Item agreed to.

Demobilization and reconversion—Railway and steamship service—

525. Steep Rock mines, construction, $256,900.

Mr. MacNICOL: I should like to speak briefly about item 525 and, if I am permitted, at the same time to refer to item 526. I am pleased to see that Steep Rock mines are given support, first, in the construction item, 525, and, then, in the subsidy item, 526.

I hold in my hand a piece of Steep Rock iron. It is the best iron I have seen anywhere. I have never seen ore with so much real iron in it as this from Steep Rock. I might add that I have not seen iron from Labrador but, if at all possible, I am going there this summer.

I do know the Steep Rock iron, however, and it is so good that, without any further treatment, it can be put right into the smelters, like scrap iron.

Mr. REID: What is the sulphur content of it?

Mr. MacNICOL: Very low sulphur content. It is the purest iron ore I have seen. At Steep Rock there is a very large deposit. There are three areas of ore in the three branches of Steep Rock lake. The ore in one of those branches has already been opened, and I believe over a million tons were shipped last year. The minister would know whether I am correct or not.

Hon. LIONEL CHEVRIER (Minister of Transport): Yes.

Mr. MacNICOL: The aim is for 2,000,000 tons this year, and it is hoped in a few years time to reach 5,000,000 tons per year. Unfortunately—perhaps fortunately, owing to the dollar crisis—practically all this quantity is now being shipped to the United States. I look forward to the time when large quantities of the ore will remain here in Canada. Under the present set-up, however, I suppose it is necessary to ship as much as possible to the United States.

In my view, by making these votes available, the government is taking the proper procedure. I understand that the first vote is to help remove the overburden from the second ore bed, and the removal of that overburden will cost a large amount of money. They will take it out by steam-shovel, as they are now doing in the first bed.

The whole Steep Rock enterprise is a remarkable tribute to a number of Canadians. The first of these is the late Joseph Errington of Toronto. It was his vision and his persistence, along with that of Julius Cross of Port Arthur, that this venture was made possible. I believe Mr. Cross is a friend of the Minister

of Reconstruction and Supply. Certainly they are citizens of the same community; I do not know just how friendly they are. Then, there was the dynamic president, Major-General Hogarth, and an American friend—a former Canadian—Mr. Cyrus Eaton of Cleveland. These four men developed this enterprise and deserve credit for it. They now bring in United States dollars, so that is what the government saved, and through the bringing in of these United States funds more than paid for the subsidy the government is granting. In other words, we are getting something for nothing. There can be no doubt that this is a worthwhile proposition and one which deserves support.

I am convinced that when production reaches about 5,000,000 tons a year, sufficient of it will remain in Canada to enable a great expansion in the steel mills at Sault Ste. Marie, where they now use the low-grade ore from the Helen Mountain mine. This type of ore would be most beneficial when added to that low-grade product.

I have no doubt that in due course a steel mill will be erected near Windsor. A few years ago an attempt was made to erect a steel mill at Ojibway, near Windsor, and the old blast furnaces are still standing there. There is no reason why Windsor should not be the centre of a great steel industry. As a matter of fact, the demand for steel across the river in Detroit would be tremendous. That would be a great thing for the Windsor area, as well as for Ontario and Canada.

Then, I heard that some of this ore is being shipped to Hamilton, where there is a blast furnace. It would be helpful to that plant to have that supply, and to expand its operations. I hope to see the day when we shall have a blast furnace in Toronto. Then ships coming down the lakes could unload some iron ore at Sault Ste. Marie, some at Ojibway, a further quantity at Port Colborne—there was a blast furnace there at one time; I do not know whether it is still there—some at Hamilton and, if we had a blast furnace at Toronto, a further quantity could be unloaded there. We have a good location in Toronto for this type of industry, and it would be of great advantage to the city.

I should like to see Steep Rock mines developed to the extent Major-General Hogarth tells me is possible. They are under the impression that in those three ore beds they have perhaps 500,000,000 tons of ore—perhaps more. It is about the same quality as comes from the Mesabi range in Minnesota. The minister has my sincere and full support in the two votes for the development of the Steep Rock mines.

Mr. CHURCH: Last year when this vote was before the committee, I happened to be out of the chamber, and for that reason I should like to say a few words this evening. The votes are for construction and subsidies at Steep Rock mines. Last year there was a long debate respecting the Labrador ore, and we now find that we have this rich ore bed at Steep Rock.

I should like to refer to two of the gentlemen in this company, Mr. Cyrus S. Eaton of Cleveland, who was born at Pugwash, and was a schoolmate of the hon. member for Cumberland. I would refer also to Mr. William R. Daley, also of that company. These gentlemen have been large contributors to Canadian universities and charitable institutions, and they are public-spirited Canadians. In addition to his interest in this ore bed, Mr. Cyrus S. Eaton has had a strong influence on the history of Toronto, because he was instrumental in building five large buildings, on Bay street. There was the Federal building, the Sterling building, another building at the corner of Sheppard and Richmond streets, and two or three others. They did a great deal between the two wars and at the end of the last war to create employment for bricklayers, carpenters and others. They did considerable developing on Bay street and in the downtown business section. They also carried on work in other cities. They secured money at low rates of interest for the municipalities of this country, and considerable money was invested in Canadian enterprise. I cannot speak too highly of the work they did. Cyrus Eaton has been engaged in many enterprises on both sides of the border.

I believe in this development of New Ontario. Some day I hope to see a smelter there which should lead to further industrial expansion. I commend the measure to the government and I tell them that I appreciate what they have done. One of the things that held New Ontario back, something to which I have referred before, was the lack of cheap light and power. In the early days in 1909 and 1910 one of the few mistakes made by Sir James Whitney was not to electrify the Temiskaming and Northern Ontario railroad. That would have provided light and power to New Ontario. Had that been done, the production of gold, silver and other metals would have been much greater. Under private ownership power at Cochrane cost $60 per horsepower, but they now have a magnificent hydro-electric development which has proved a great boon to the mines.

One of the things that held the mines back was heavy overhead and the difficulty of getting power. This development will create more

employment and will prove a good investment for this country in the areas where these mines are situated.

Mr. MacINNIS: I should like to ask a few questions on items 525 and 526. First, who are the owners of Steep Rock mines? Second, toward what kind of construction is this contribution being made? Third, what is the nature of the subsidy? Fourth, how much has the government of Canada contributed for construction purposes and by way of subsidies? Fifth, what return does the government receive for this money?

Mr. CHEVRIER: In answer to the first question, may I say that the mines are owned by a private company, the directors of which are mostly United States citizens. Then, as to what the assistance is for, the first vote is for capital requirements, while the second is for a subsidy. The first vote of $256,900 is for the construction of additional trackage made up as follows: a spur track at Port Arthur, $101,900; a spur track at Atikokan, $53,500. Then there are other small items such as lighting and mooring facilities, making a total of $170,790. The rest of the item is for the acquisition of equipment in the form of two gantry cranes and one car shaker. It was found difficult to separate the ore on account of solidification, and in order to facilitate unloading at Port Arthur these gantry cranes were purchased by the Canadian National Railways, who are operating the spur line and the ore dock. They have been found to be of great assistance thus far. The total amount of money spent in construction costs and the provision of facilities for handling ore from Steep Rock Iron Mines Limited to the end of March, 1948, amounts to $2,948,574. The Department of Transport has received $130,205 by way of amortization of the costs. There is a subsidy of twenty cents per ton on the first five million tons of ore handled, paid to the Canadian National Railways. Thus far 2,539,000 gross tons have been handled, for which a subsidy of $692,821 has been paid.

Mr. MacINNIS: Between what points is the ore shipped on which this subsidy is paid?

Mr. CHEVRIER: It is shipped from Atikokan to Port Arthur, there loaded on ships destined for certain ports in the United States.

Mr. MacINNIS: The subsidy paid is in connection with the rail shipment from the mine to where it is put on board ship?

Mr. CHEVRIER: To the Port Arthur ore dock.

[Mr. Church.]

Mr. MacINNIS: I imagine that the figures the minister gave would not include the items now before us, because he said they included up to March 31, 1948, and these items have not yet been approved. The total of the items he gave is something over $3,500,000. What is the expected return to Canada? We own this ore; it is a Canadian natural resource, and I should like to know what return Canada can expect from this outlay of money. Is any royalty paid on the ore taken out? How much ore has been taken out up to the present time?

Mr. CHEVRIER: As I stated a moment ago, roughly 2,500,000 tons. The advantage to Canada is that by the export of this ore, which is highly rated, to the United States, we are able to get a better quota of iron ore for our own mills. We are able to derive much needed United States dollars at a time when there is a shortage. In those two respects the government have found this a profitable enterprise, and not only profitable but essential. During the war years and since, there has been a great shortage of iron ore and steel, and it was felt that this subsidy as well as the capital expenditure which was approved and provided for during the war years should be continued.

Mr. MacINNIS: The minister said we had a claim on a proportion of this 2,500,000 tons of ore that was shipped to the United States and processed there. What proportion of that 2,500,000 tons represents Canada's quota in the form of steel billets or whatever it may be?

Mr. CHEVRIER: During the war years, as the hon. gentleman knows, many of our resources were pooled, and these particular resources were pooled to some extent. By virtue of an arrangement which was made in the Department of Reconstruction and Supply, then Munitions and Supply, we were able to secure, because of these shipments to the United States, a larger quota for our mills than we otherwise would have received. I am sorry I cannot give the hon. gentleman the figures, but I am sure that the Minister of Reconstruction and Supply, if he were here, would know the answer.

Mr. MacINNIS: I think it is an important point. This ore is a Canadian natural resource, part of the potential and real wealth of Canada, and we ought to know what accrues to us in a tangible form out of this transaction.

Mr. CHEVRIER: That is so. I will endeavour to get the information for the hon. gentleman.

Mr. KNOWLES: I share the satisfaction expressed by the hon. member for Davenport that this resource is being developed. I also

share his sense of amazement at the accomplishment itself. I, too, had the privilege of visiting Atikokan and Steep Rock mines and seeing this operation. But at the same time I feel that the observation of the hon. member for Vancouver East is absolutely correct when he draws attention to the fact that the basis of this whole operation is a natural resource which belongs to the people of Canada. What is happening now is that it is being alienated from the people of Canada and to a large extent being shipped out of the country. I think the hon. member for Davenport expressed the hope that we ought to have more mills in our own country making use of this raw material, and I agree.

There is nothing new about what is happening in this connection. It is a story we have had over and over again, and when one contemplates the tremendous, the almost incalculable wealth which is buried under what used to be Steep Rock lake and which it is now possible literally to scoop up with those huge electric shovels, it does seem to some of us a tragedy that this resource is being alienated from the people of Canada.

The question I would ask the minister is this. Has our contribution from the public treasury been confined solely to transportation facilities, such as the spur line from Steep Rock to Atikokan and the facilities at Port Arthur? My second question is this. Have we paid the whole cost of those transportation facilities that have been provided?

Mr. CHEVRIER: The hon. gentleman asks, first, whether this expenditure has been directed toward transportation facilities only. I would think the answer is yes. There is an order in council covering it. It has been tabled and I thought I had it with me, but I did not bring it. It provides for the manner in which the capital expenditure shall be made, and my recollection is that it has to do with the construction cost of transportation facilities and the ore dock for the loading and unloading of ore. The subsidy is, of course, exclusively directed toward the freight rate.

Mr. KNOWLES: Have we paid for the whole facilities—the spur from Steep Rock to Atikokan, the facilities at Steep Rock for loading the ore, the special cars carrying the ore from Steep Rock to Atikokan, and the dock facilities and trackage necessary at Port Arthur?

Mr. CHEVRIER: Yes.

Mr. KNOWLES: That is quite a bit of assistance we have given.

Mr. CHEVRIER: Yes.

Mr. MacINNIS: What are the freight charges per ton from Atikokan to Port Arthur?

Mr. CHEVRIER: The rate is $1.32.

Mr. MacINNIS: And the dominion government is paying twenty cents of that?

Mr. CHEVRIER: Yes.

Mr. BLACK (Cumberland): Mr. Chairman, I have no financial interest in this undertaking and no personal interest, but I have a great pride in this development. The person responsible for it has already been referred to by the hon. member for Broadview and the hon. member for Davenport. It was Mr. Cyrus S. Eaton, a country boy from my own constituency, from Pugwash in Nova Scotia. It took tremendous courage on his part and tremendous effort in convincing many people that this very difficult undertaking could be accomplished. I am pleased that the minister and his department have co-operated in this development.

Mr. Eaton is one of the great industrialists of the United States, also one of its great educationists and one of its great philanthropists, and it is with great pride that those of us who come from Cumberland and Nova Scotia watch his accomplishments. It is our regret that he and so many others have had to leave our province. He had an uncle born near where he was born, Hon. Doctor Charles A. Eaton, who is and has been for some time chairman of the foreign relations committee of the house of representatives in the United States. He has headed that committee through these troublous times.

A short distance from where Cyrus Eaton was born, J. D. Johnson was also born and brought up. He is head of the Canada Cement Company. A few miles away, Doctor Simon Newcombe, one of the great astronomers of all time, was born. The historic sites and monuments board has erected a tablet to his memory.

These are only a few of the men whom our section of the country has contributed to the life of Canada and the life of this continent, and, I might add, the world. So it is with pride that I support this vote in order that we may assist Mr. Eaton and his associates in developing this great Canadian resource.

Mr. TIMMINS: I take some pleasure in following the hon. member for Cumberland in his remarks in respect of this venture, particularly having regard to the fact that a question was asked a short while ago—I do not think the minister quite answered it—as to why this iron ore has been shipped to the United States to be smelted. In the first place,

I understand that in Canada we have only three large iron ore mines, and that to date iron ore mining is one of the greatest and most expensive ventures that we have in the country.

I know something about the venture that has been undertaken by the Steep Rock mines company. It has been not only a venture; it has been an adventure to bring an iron mine into production in Canada. I am told by the officials in the Department of Mines that there is just not enough money in Canada to provide the kind of machinery necessary to produce and smelt the iron ore from our own Canadian mines, and that, therefore, in order that we in Canada may get the benefit of the iron ore, we must transport it to the United States. We all hope that the time will come when we shall get iron ore in Canada in large enough quantities that we shall be able to smelt it and fabricate it here. I am all for a venture of this sort. I commend the minister and his department for what they have done to facilitate it.

I am one of those who believe that the future of this country is bound up with the finding and the producing of iron ore. Probably it will be the salvation of this country, which will never come through the dollar conservation policy as we have it at the present time.

So that we may keep the record clear on this matter, I should like the minister to tell the committee if I am not correct in saying we have not just the kind of money that is needed to buy the machinery to put into operation the facilities which are necessary to produce and smelt iron ore into steel and ingots in Canada, and that is what causes the transportation of this iron ore to the United States. If I am wrong in that I wish the minister would correct me.

Mr. CHEVRIER: The hon. gentleman is far from wrong, and I commend him on his attitude in connection with this vote. But in order to put a statement on the record, I suppose I should go back to what happened during the war years. There was a time in 1941 and 1942 and again in 1943 when steel was in very short supply, not only here but also in the United States. It was required, as hon. gentlemen know, for all kinds of construction, but particularly for war purposes. It was felt by the government at that time that a contribution of this sort was little enough for a venture of the kind that was undertaken at Atikokan. The order in council which was passed in 1942 sets out that the development of the mine would be advantageous to Canada and a protection against a possible shortage of ore to meet war requirements. It is true that the war is over, and to that extent the position has changed; but the position has not changed in so far as the shortage of iron and steel is concerned. Anyone who has to build ships or planes, or to make additions or extensions to industry, knows how difficult it is to get iron and steel. I have in mind several examples at the moment in my own department where the construction of ships is being held up, or the date on which a ship was to have been delivered is delayed because of lack of the required steel. Therefore, as I said a moment ago, the purpose of this in the war years was to pool some of our resources. We pooled our shipping; we also pooled this, and from it we got treatment other than we would have received had we not been able to place this in the pool. Moreover, as I said a moment ago, we are getting much needed United States dollars.

Mr. MacINNIS: I wonder whether the minister would explain to me just how we are getting United States dollars here. I do not doubt the minister when he says we are getting United States dollars. In view of the fact that a United States company owns the mine, is the ore taken out of that mine, sold to buyers in the United States, and does Canada thereby get United States dollars? If not, I shall be glad to know just how we acquire United States dollars from the mining of this ore.

Mr. CHEVRIER: Perhaps I can get the information before the evening is over.

Mr. MacINNIS: The minister has not the information now?

Mr. CHEVRIER: No. I should draw the hon. member's attention to the fact that this operation is carried on through our agents, the Canadian National Railways. There was an opportunity for a full discussion of this matter in the committee. However, I think the hon. gentleman should have that information.

Mr. ROSS (St. Paul's): I should like to support this vote. There has been some talk about the natural resources of Canada going to the United States. Another point was made that we were wasting the assets of Canada. This talk has been coming from hon. members to my left. I should like to point out to the hon. gentlemen who have spoken on this vote that, had it not been for the United States allowing us to take our iron from the Mesabi range for a number of years, to the extent of hundreds of thousands of tons a year, we would never have had any steel business in the great lakes area. I am all for more mills to produce our own ore. We shall get

that some of these days, but in the meantime we have to send our extra iron ore somewhere. It is up to us to return some of the iron ore we have taken all these years.

With respect to the venture, something has been said about Mr. Eaton and what he had to do with this venture. I should like to say something about some of the fellows in this country who have had something to do with it. One of these is General Hogarth who was very much interested in it from the start. I know of one man who has since died. He was one of the engineers on the job. They did not know whether they would be able to get the water out of that lake to get at the iron ore. It was a marvellous venture that they went into, and I am proud of the men who went into it. I support the vote.

Mr. MACDONNELL (Muskoka-Ontario): Would the minister not agree with me that, so far as getting United States dollars from this is concerned, it is a case of a Canadian company selling goods in the United States and getting United States money for its product?

Mr. KNOWLES: This is a United States company.

Mr. MACDONNELL (Muskoka-Ontario): The hon. gentlemen are confusing shareholders of the company with the company. This is a Canadian company selling its goods in the United States and getting United States dollars for doing so.

Mr. MATTHEWS (Kootenay East): Has the minister any information on the possible lifetime of this venture in terms of years? How long are we likely to be able to extract ore from these Steep Rock mines?

Mr. CHEVRIER: I do not know the amount of ore that is there, but I understand that it is likely to continue for quite some time.

Mr. MacNICOL: When I spoke I said the best engineering reports available are that there are approximately half a billion tons of ore there. There are three beds, two of them in one lake and one in a third lake. Our own railway, the Canadian National, has already received between $3,000,000 and $4,000,000 in freight that they never would have had otherwise, because the amount of freight over that particular railroad was not of great magnitude.

In addition to that, there are at Steep Rock some 300 high-paid men. Better still, all the officials at Steep Rock, the engineers and geologists, are young Canadians. I have forgotten the name of the manager, but he is a young Canadian from the maritimes. The country may well be proud of what these young Canadians have done in developing the Steep Rock mines. It has been indeed a regular gold mine as far as returns to the country are concerned.

Item agreed to.

Civil aviation division—Airways and airports—

527. Operation and maintenance of municipal and other airports, $448,557.

Mr. GRAYDON: Mr. Chairman, I think I can shorten my remarks to a large extent if you will allow me to read a twenty-five word telegram I have received. If I can put this telegram on the record it will end my remarks on this subject. It has to do with a matter I raised yesterday with reference to Fredericton airport. My memory has been somewhat refreshed by the telegram which I wish to put on the record.

Mr. CHEVRIER: I do not wish to interrupt the hon. gentleman, but we are now dealing with airways and airports, operation and maintenance of municipal and other airports, and as he knows, I said there was no vote for the Fredericton airport. There being no vote for it, if my hon. friend is going to read into the record a telegram having to do with that airport, I submit with deference that he is not in order.

Mr. GRAYDON: I have no objection. I was only trying to shorten the proceedings. The minister cannot tell me that I cannot deal with a matter which is not in the estimates if I wish to ask that it be put in the estimates. I can suggest anything I like.

Mr. CHEVRIER: I am not telling the hon. gentleman anything. I do not usually tell people things or instruct them to do things. I try to handle my work in the house as courteously as I can, and I do not like his telling me that I told him anything. I do not tell people what to do. I am submitting to the Chairman that if the hon. gentleman is going to read a telegram having to do with the airport in Fredericton he is out of order, and if the Chairman thinks I am wrong he can put me right.

The DEPUTY CHAIRMAN: I do not know what the telegram is about. I do not know whether it refers to this item or does not. The rules, however, are clear. Any speech in committee must be strictly relevant to the item before the committee. I do not know what the telegram is.

Mr. GRAYDON: I will not put it on the record. In the circumstances I shall have some remarks to make with respect to the question.

The minister has made a submission to the Chair, to put it in that way, and I assure him that I did not reflect upon his courtesy. I know the department is a difficult one to administer and he has been a long time on his estimates. I have no wish to take up any extra time. I submit, however, that where airports and airways are mentioned in the estimates, it is not possible for you, Mr. Chairman, under the rules to order me to say nothing about a matter which I think should be in the estimates. That is done every day in connection with many estimates, for so long a time as the minister and I have been in the house. If I may, I should like to refresh the mind of the committee in respect of this matter, and it will shorten the proceedings if I read this telegram:

Fredericton

Fredericton airport Howe definitely promised me railway committee 1944 government would build airport no strings attached like site now provided by city costing one hundred thousand whole thing disgraceful in view promises made by him and present member during by election.,

R. B. Hanson

Mr. CHEVRIER: I do not wish to get into a discussion with the hon. gentleman, but it just shows that the point I attempted to make was pertinent. The item under which construction of airports should have been discussed was item 511, and we spent considerable time on it. This is municipal airports. Fredericton is not in existence so far as an airport is concerned.

Item agreed to.

Civil aviation division—

528. Care, operation and maintenance of Royal Canadian Air Force airfields transferred to the Department of Transport, $433,500.

Mr. MACDONNELL (Muskoka-Ontario): There are several items that seem to overlap, and "seem" is perhaps the right word. The minister will remember the question I asked yesterday or the day before, regarding which he was going to make a statement.

Mr. CHEVRIER: I will.

Mr. MACDONNELL (Muskoka-Ontario): When does the minister propose to do that, at the end?

Mr. CHEVRIER: Yes.

Mr. MACDONNELL (Muskoka-Ontario): If the minister could make that statement now it might obviate questions I should like to ask at the moment. However, if he prefers we can go ahead with this.

Mr. CHEVRIER: The statement I propose to make is fairly lengthy and covers the whole

[Mr. Graydon.]

government policy of air services and airports generally, and I thought perhaps I might leave it until the end.

Mr. MACDONNELL (Muskoka-Ontario): Then may I ask a question regarding care, operation and maintenance of Royal Canadian Air Force airfields transferred to the Department of Transport? Am I right in saying that this in a sense is a duplication of certain previous items, or is this purely operation and maintenance, and were the previous ones exclusively construction?

Mr. CHEVRIER: This is not a duplication of any of the previous items. These are airports that have been taken over by the air force. They are airports that are no longer used for air force purposes. They are turned over to us either for disposal or for operation. We look them over and those we decide that we cannot operate profitably or economically—when I say profitably I do not mean from a financial point of view—we turn over to war assets for disposal, and the others we operate. In this vote of $433,000 odd, eight of the airports have been taken over by us and operated, and in respect of nine, we act as caretakers only until such time as they can be disposed of by war assets.

Mr. GIBSON (Comox-Alberni): Has the minister any idea of disposing of all these airports? What may not be at the present moment a useful piece of equipment in the form of a landing field may possibly lend itself to development in the future. You cannot sell an airstrip for anything. It seems to me that the care and maintenance would be a very small item of expenditure, and it might be wiser for the department to keep them under its control before it goes about disposing of them. I can understand disposing of the buildings that have a salvageable value, but I think we might be well advised to keep these airports under the minister's control for some time until we see what can be done with them.

Mr. CHEVRIER: We follow this practice. We never dispose of an airport or an airfield or aerodrome which national defence feels might have some value for national defence purposes in the future.

Mr. GIBSON (Comox-Alberni): I suggest that any money spent in maintaining these airports is well spent. It is a good investment. The minister's officials can keep an eye on them and see that they are taken care of in the matter of drainage and so on. A concrete strip can be easily ruined.

Mr. CHEVRIER: We endeavour to maintain them.

Mr. MacINNIS: How many of these airports or airfields are there, and where are they located?

Mr. CHEVRIER: The vote provides for the transfer of seventeen such fields from national defence to the Department of Transport. Eight of them will be fully maintained and operated by the Department of Transport. They are as follows: Comox; Whitehorse; Medicine Hat; Mount Hope, Ontario; Quebec; Sydney, N.S.; Torbay; and Yarmouth. Nine are provided for on a maintenance basis; that is, we keep a caretaker there until such time as we can dispose of them.

Mr. MATTHEWS (Kootenay East): May we have the names of those that are being maintained?

Mr. CHEVRIER: Massett, British Columbia; Terrace, Vanderhoof, Woodcock, Bowden, Claresholm, Shepard, Chatham and Maitland.

Mr. CARDIFF: What ones in Ontario?

Mr. CHEVRIER: Mount Hope, Ontario, is one we are maintaining and operating.

Mr. McCULLOUGH (Assiniboia): Is the Massett airstrip being maintained so that it is feasible to land on it?

Mr. CHEVRIER: The answer is yes.

Mr. GIBSON (Comox-Alberni): In the names of the airports which the minister said he was maintaining, I did not hear him read out the name of Tofino.

Mr. CHEVRIER: We are operating Tofino. Tofino is not under this vote. These are airports taken over from the R.C.A.F. in this particular vote.

Mr. GIBSON (Comox-Alberni): Tofino is not being operated. It is only being maintained at the present time. This is one of your bigger airports on the Pacific coast.

Mr. CHEVRIER: May I get an answer to that and give it a little later?

Mr. GIBSON (Comox-Alberni): Yes.

Mr. STUART (Charlotte): Is the airport at Pennfield being operated?

Mr. CHEVRIER: Yes, it is.

Item agreed to.

Civil aviation division—Northwest communication system—

531. To provide for the difference between the expenditures for operation and maintenance and revenue accruing from operations during the year ending March 31, 1949, not exceeding $728,412.

Mr. MACDONNELL (Muskoka-Ontario): Will this item be covered by the minister's statement? If so, I will not ask any questions on it now. Otherwise I would want to get some information.

Mr. CHEVRIER: I do not want to be unfair to the hon. gentlemen. In the statement which I will make I shall not deal with details or with particular votes. I shall refer to the policy generally in connection with the construction of airports and moneys being expended on airports generally. I will not touch on this because it is a telecommunication service.

Mr. MACDONNELL (Muskoka-Ontario): Then I had better ask my questions here. Can the minister give us the receipts and disbursements figures?

Mr. CHEVRIER: Perhaps I had better give the hon. gentleman receipts first.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister break them down, roughly?

Mr. CHEVRIER: Yes. First of all, I should say that this system is operated by the Canadian National Telegraph Company; it was taken over by the army and transferred only recently to the Department of Transport. There are certain revenues from it, and this is a vote to look after the deficit.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister make clear just the scope of the operation? I am a little bit foggy about it.

An hon. MEMBER: You always are.

Mr. CHEVRIER: It is the operation, from Edmonton to Whitehorse, or wire lines that were built by the United States during the war years. We paid the United States a substantial sum of money during the war for all the work they did in the Northwest Territories, including Canol and many other things. This was one of the items in that sale. National defence operated this for a time and then turned it over to transport in 1947, or perhaps it was 1946, I am not too sure which. We have appointed the Canadian National Telegraphs to operate it.

Mr. MACDONNELL (Muskoka-Ontario): May I ask why they were appointed?

Mr. CHEVRIER: Because they were already in the area, because they have a telegraph system, and because they are efficient. We could have given it to a private company.

Mr. MACDONNELL (Muskoka-Ontario): This is just a communication system?

Mr. CHEVRIER: That is all it is. The receipts amount to $671,000. I will just give the amounts in thousands. That is made up

of lease of lines to the United States government, $271,000; lease of lines to the Department of Transport, $135,000; lease of lines to air line operators, $47,000; lease of lines to R.C.A.F. and army, $70,000; commercial traffic and other leases, $147,000. The total of revenue therefore is $671,000. The total of expenses is $1,399,000, and the difference in the two is this vote, $728,000.

Mr. MACDONNELL (Muskoka-Ontario): Then will the minister give us the items of expenditure?

Mr. CHEVRIER: Salaries and wages, $685,000; allowances, $37,840; telegrams, telephones and postage, $4,500; printing, stationery and office equipment, $3,500; materials and supplies, $254,000; freight, express and cartage, $26,000; light, power and water, $55,000; repairs to buildings and works, $22,500; repairs to equipment, $69,000; special services—maintenance, $29,000; contracts and agreements, $44,000; pensions, $23,000.

Mr. MACDONNELL (Muskoka-Ontario): I think that is enough. On the face of it, these figures stagger one. The total receipts are $671,000, and salaries alone are $685,000.

Mr. CHEVRIER: That is right.

Mr. MACDONNELL (Muskoka-Ontario): Is there any prospect of that situation substantially altering, or is this a service that must be maintained regardless of its return?

Mr. CHEVRIER: It is something that must be maintained, if we are to have an air service in that part of the country. As the hon. gentleman knows, we maintain air communication from Edmonton to Whitehorse, a route which is several thousand miles in length. My hon. friend knows that is fairly barren ground or territory up there. No one likes to go to live in that area unless he is adequately remunerated.

Mr. MACDONNELL (Muskoka-Ontario): It may be that I shall have some further questions later. I presume the minister is going to deal with this matter.

Mr. CHEVRIER: Yes, I expect to.

Item agreed to.

Government-owned enterprises—non-active accounts—

National harbours board—

556. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1948 on any or all of the following accounts:

(a) Retirement of maturing debentures—Saint John, $282,900.

(b) Reconstruction and capital expenditures—Halifax, $2,605,775; Saint John, $2,000,000; Quebec, $122,200; Churchill, $50,000; generally unforeseen and miscellaneous, $200,000; total, $4,977,975.

Less amount to be expended from replacement funds, $426,000; total, $4,834,875.

The DEPUTY CHAIRMAN: Hon. members will find the item on page 83 of the estimates under government owned enterprises.

Mr. HERRIDGE: Before you went to that item, Mr. Chairman, I was going to bring something to your attention. The minister promised last night to give us further information with regard to item 490, the cost of the Saint John lightship.

The DEPUTY CHAIRMAN: Order. Item 490 is passed.

Mr. CHEVRIER: I did give that information. I put it on the record at eight o'clock last evening.

The DEPUTY CHAIRMAN: We are considering item 556. Shall the item carry?

Mr. ISNOR: No. This has to do with the national harbours board, as I understand it.

The DEPUTY CHAIRMAN: That is right.

Mr. ISNOR: I should like to say a word on it.

Mr. MACDONNELL (Muskoka-Ontario): You promised far more than that last year. I think it was $17,000,000.

Mr. CHEVRIER: There are so many of these that I hardly know where I am at.

Mr. KNOWLES: That was before the by-election.

Mr. MACDONNELL (Muskoka-Ontario): The senior member for Halifax will tell us about that.

Mr. ISNOR: I do not think I can oblige hon. members of the opposition in regard to election talk. I think we are more serious at the present time in regard to the estimates.

Mr. FLEMING: Were you not serious last July?

Mr. ISNOR: The result would almost lead one to think I was.

Mr. FLEMING: Regarding what was said in the campaign?

Mr. ISNOR: I am always serious.

Mr. CHEVRIER: Could we get along with the vote?

Mr. MACDONNELL (Muskoka-Ontario): That is what we are trying to help in.

Mr. CHEVRIER: You were helpful a while ago, I must say.

Mr. ISNOR: I do not think it is necessary for me to go over the history of the inauguration of the National Harbours Board Act in 1936, and to deal with the development of the board under present conditions. All hon. members are fairly familiar with that. I should like to deal with it as we see it from a local standpoint. What I shall say with respect to the port of Halifax applies equally to practically all the seven ports. I make that statement because I have heard criticisms from each and every port district throughout Canada, and from members representing constituencies in which the national harbours board operates under the present system.

I do not think it is possible under that system to give as direct attention and supervision as would be the case if we were operating under local committees; and in my view, from a local standpoint, that supervision is necessary. Someone will say, "Look at the record since 1938. See how our revenues have increased. See how our expenditures have been kept down." But that is not the whole answer in business. Efficiency plays an important part. On the other hand the greater interest brought about by the use of local advisory committees develops just as great efficiency, creates a greater interest in the ports and secures business which would otherwise be lost.

I honestly believe that if we had had a local advisory committee last year we would not have lost the freight we did lose through its being diverted to Portland, or other United States ports. The same applies to the amount of business being diverted to those ports at the present time. I feel that there are items which at the present time would help in the development of the port of Halifax which, on account of the attitude taken by the members of the national harbours board, are lost. When I say that, I make no reflection upon the ability of the board. I am simply stating that they are so far away from local ports that they have not the same interest as would people who are directly connected with them.

Once or twice a year members of the board visit Vancouver at the extreme west, and on other occasions they come east. But their visits are so brief that they cannot possibly get into close touch with matters relating to the development of the port; and I feel this could be done by local authorities.

I do not want the minister to say, "Do you want us to go back to the old system?" It is true that at the present time there is on the order paper a resolution suggesting that we revert to the old system. I am not proposing that this evening; that matter will be dealt with at the proper time. I do say, however, that the minister should now give serious consideration to taking action to bring into effect the recommendations laid down in the Gibb report. That report was made in the best interests of the various ports, and it said that greater efficiency could be brought about with the assistance of local committees. This would naturally create greater interest in boards of trade and the community in general, including longshoremen and workers on the waterfront. With a local committee representing these various groups, there would be general support. I do not say those committees must be given full authority, but, I feel that they should be in a position to advise; and certainly I believe they could advise more intelligently than men living a thousand miles away. In the east—and I believe it is the same in the west—this is referred to as a system of remote control.

This can be understood when it is realized that in Halifax we think of Ottawa being a thousand miles away. Quite often, from the attitude adopted by the minister and members of the national harbours board, I form the impression that, instead of their being a thousand miles away, they are ten thousand miles away, when they look at matters from Ottawa eastward.

To my mind there is a vast difference between trying to control a business from a thousand miles away and having someone right on the spot. We seldom see large concerns such as Eaton's and Simpson's following that practice—and I do not wish to advertise those companies. They set up local committees and give them full power to act. They do not just appoint a manager, as we appoint a port manager; they invest real authority in their local managers, so that they are permitted to do the buying and selling of merchandise and to carry on the business generally, under their own power.

On the contrary, this does not apply in respect of the ports. In Halifax an appointment cannot be made without the authority of the national harbours board. If a watchman is to be employed or given a permanent position, it must be approved by Ottawa. Perhaps in the first instance the recommendation would come from the local port manager, but the final approval must come from the board at Ottawa.

I am hopeful that, following the appointment today of the hon. member for Queens-Lunenburg (Mr. Winters) as parliamentary assistant to the Minister of Transport, he will be able to do some of the things the minister

has not had time to do, and to come into closer contact with us on the east coast. He is a fine, bright, keen young man, and he appreciates our problems.

I venture to say that the national harbours board has not taken any direct or definite action to make sure that there is a sufficient quantity of grain in the elevators at Halifax at all times to meet the requirements of ships making regular calls at that port. Someone may say, "Oh, well, we have an elevator there of two million bushels capacity." That may be so, but it is never filled to capacity. We need that grain there at all times, to provide ballast for ships coming in and calling at our port.

I believe that if the figures are checked for the last ten years it will be found there has been a gradual decrease in the amount of grain shipped through Halifax—with the exception of one or two years when we waged a strong drive to have a few thousand bushels added for shipment to that port.

There are many local matters on which the minister could be better advised by a local committee. I do not wish to speak at too great length, because I shall have an opportunity of asking questions later on; but I do hope that he will take definite action to provide local advisory committees composed of local men, with authority, so that they may advise intelligently those at Ottawa and thus bring to our port a greater amount of trade, and prevent trade which otherwise belongs to Canadian ports from being diverted to the United States.

Mr. DICKEY: Before the minister replies, I should like to say a word in support of my colleague who has been fighting the battle of the port of Halifax in this chamber since 1935. The minister has been asked to give further consideration to adopting a system of advisory committees to look after the interests of the various ports which come under the administration of the national harbours board. I would point out to the minister that the Gibb report recommended the setting up of a national harbours board to administer the Canadian harbours, but at the same time it pointed out the value of local advisory committees to assist the national board in properly looking after the interests of the various ports in this country, each of which has its own individual problems and interests which must be attended to.

I think it is unreasonable to expect that a national administration will be thoroughly satisfactory to all parts of the country, without there being local committees to assist and advise. For the last two years there has been at Halifax a port of Halifax club. This is a private organization without any official standing, but its membership is made up of business and shipping men who have the interests of the port of Halifax at heart. If the minister will inquire from the port manager and the officials of the harbours board, I think he will find that that unofficial organization has made, in its short life, many constructive and helpful suggestions which have worked out to the mutual advantage of the club, the port of Halifax and the harbours board.

If an unofficial organization can make a contribution of that kind, I think it must be realized that a local advisory committee, having some official status and having definite duties, would be able to do much more. I hope the minister will give further serious consideration to the full implementation of the Gibb report. After all, the approval of the national harbours board in that report was to a large extent conditioned upon having local advisory committees to assist.

Mr. MacINNIS: Mr. Chairman, coming from the other end of the country where there is a harbour of sorts, I want to say a word for fear the minister might too readily succumb to the eloquent pleadings of the senior and junior member for Halifax. The present system was adopted after another system had had many years of trial. I think the present system is much more satisfactory. The senior member for Halifax mentioned a committee with authority. If it is to be an advisory committee, it cannot be a committee with authority. If it is a committee with authority, it is something more than an advisory committee. In making any change in the present system the minister should be most careful.

I am all in favour of having advisory committees, but I know the dangers of small town machine politics in matters of this kind. If the minister needs any support in the matter and if mine is of any value, I shall be glad to give it to him.

Mr. CHEVRIER: Mr. Chairman, I think the hon. members for Halifax will expect me to say something. I want to commend both the senior member and the junior member for Halifax for their advocacy of local advisory committees. I say that, because the senior member at least has persistently brought this to my attention and to the attention of this house. Thus far the government has not seen fit to appoint local advisory committees, for the reasons which I have already given on other occasions and which perhaps I need not repeat in detail, but I do not say to the hon.

gentlemen that the question of advisory committees should not be given careful consideration.

In his report Sir Alexander Gibb recommended the appointment of local advisory committees, but on the other hand we must keep in mind that when reports are brought down they generally contain a number of recommendations which the government need not accept in their entirety. As far as the Gibb report is concerned, the government accepted some of the recommendations and did not deal with others. One of those which it did not act on was the appointment of local advisory committees. As such committees would have no financial responsibility, the government thought at the time that that recommendation should not be given effect to. I think now of the port of Toronto where a commission was set up under departmental jurisdiction and authority, but where the funds are provided, administered and spent by the city. The dominion government does not contribute to those expenditures.

The government felt that it would be much better if they were able to obtain outstanding men as port managers, men with experience, men who knew local conditions, men who were able to deal with local requirements, men who could meet with various groups in the community. We have been successful in getting two new port managers in recent years who, I think, are doing excellent work. The port manager at Halifax has had a great deal of experience. According to the information I have from my officers, he is able to meet and deal with various groups in the community.

My hon. friend says there is difficulty when one is far away from the central government, and to that I cannot take too much exception. There is bound to be criticism on that account. I have heard it in Vancouver; I have heard it in Halifax, and I have heard it also in Saint John. But one must keep in mind that when the National Harbours Board Act was passed and the board appointed, one of the objects was to avoid competition as between one port and another as there had been under the system which existed prior to 1937. If the government, through its national harbours board, were to encourage competition between the various ports, I do not know that that would tend to good administration. As it is now, the position of the port of Halifax so far as total cargo tonnage is concerned is good. In 1938 the total cargo tonnage was about 2,000,000 tons, and at the end of 1947 it was 3,577,000 tons, or an increase of more than one and a half million tons, which shows—

Mr. ISNOR: What was it in 1944?

Mr. CHEVRIER: I will get that in a moment. That shows that the administration of the ports is progressing. I do not want to tell my hon. friend that I will not give consideration to the establishment of local advisory committees. The question comes up periodically, but thus far the government has not seen fit to establish them, for the reasons I have given. I am always open to conviction; as my hon. friend says, I now have the advantage of a new and young parliamentary assistant coming from the maritimes, and I am sure that he, too, will give this matter his very careful consideration.

Mr. ISNOR: I wish to thank the minister for his promise of consideration, although I never liked that word "consideration." I like "favourable review" very much better.

I should like to comment on the minister's remark that we do not want to set up competition between the various ports. That might sound all right to the minister, but if he considers the large commercial firms, wholesale and retail, which have branches throughout Canada, and the trust companies and the methods of banking institutions with branches spread all over the country from the east to the west, he will find that there is the keenest competition for business between the various branches. There are wholesale drug firms with branches in the province of New Brunswick, at Saint John, for instance, and Nova Scotia, at Halifax, all competing with one another for the business of the Annapolis valley and other sections of Nova Scotia. I do not think it was a particularly good argument which the minister advanced that competition is not a good thing, particularly as the policy of this government is, I believe, free enterprise. Incentive and competition are the life of business. I say to the minister that if you have the right type of man—and I believe you have in the majority of cases; you certainly have a very fine port manager at Halifax—if the opportunity were afforded to him of going out after business, the port of Halifax would get more business than it is now getting.

Mr. CHEVRIER: I say he has that authority now.

Mr. ISNOR: Then he does not appreciate that fact, and I doubt whether the officials in front of the minister will grant him authority to canvass for the business.

Mr. CHEVRIER: I am saying on my responsibility as a minister he has that authority.

Mr. ISNOR: I am pleased to have that assurance from the minister. I will pass it

along, and then, if I should have any criticism to make of him for letting business be diverted to United States cities, the responsibility will be on his shoulders.

We have at least gained one point this evening by raising this question. I do not want to rehash the question of the business we lost to United States ports last year, but there is a close connection between the activities of the Canadian National Railways and the operations of the national harbours board. I believe that there should be closer co-operation between these two bodies so far as Halifax is concerned. We in Halifax look upon the Canadian National Railways as having its eastern terminal at Halifax, and because of that we think a greater effort should be made to bring ships into Halifax and that the Canadian National Railways should carry ship cargoes from Halifax to the great lakes. But the members of the commission will say: We cannot go out and canvass business against Saint John. I say that in co-operation with the Canadian National Railways the national harbours board should be endeavouring to route all the freight possible direct to Canadian ports over Canadian National Railways lines. If that policy were followed I believe we would have a great deal more business in the port of Halifax than we are getting at the present time.

Item agreed to.

National harbours board—

560. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1948 on any or all of the following accounts:

Reconstruction and capital expenditures—Montreal, $853,105; Vancouver, $115,000; total, $968,105.

Less amount to be expended from replacement funds, $100,228; total, $867,877.

Mr. CHEVRIER: Mr. Chairman, perhaps I might now make a statement which I promised to the committee. The hon. member for Peterborough West asked me last evening in what papers were advertised certain lands having to do with the Trent canal which were sold in the area adjacent to the township of East Gwillimbury. I was unable to give him the details last night; but I have found an advertisement, which I have here, and which covers all the lands mentioned. The advertisement appeared in the *Globe and Mail,* the *Star* and the *Telegram,* all three Toronto papers; also in the *Era and Express* of Newmarket, and in the *Witness* of Bradford. There were two insertions in each of the Toronto papers and one insertion in each of the other two papers. The advertisement in the Toronto papers appeared on January 23 and 24, 1947; in the *Era and Express* on January 23 and in the *Witness* on January 29, 1947. The schedule of lands to which reference is made in the advertisement includes lots 122, 123 and 124, concession 1, township of East Gwillimbury.

I promised the hon. member for Muskoka-Ontario that I would make a statement on the policy of the government with reference to the expenditure of money on air services and air construction.

On April 2, 1943, a statement was made in this house by the Prime Minister relating to government policy with reference to civil aviation. Then on March 17, 1944, the Minister of Munitions and Supply reaffirmed that policy and extended it. Those statements give an accurate picture of government policy, although a few changes have been made and announced since that time. Additional changes will be made if and when new developments and conditions occur.

Enlarging somewhat on certain items of those previous statements, I should like to list the following responsibilities which the government has assumed:

1. Commercial air services:

(a) The establishment of trans-continental and main line services throughout Canada by Trans-Canada Air Lines, to a standard comparable with similar services in the United States, such services being based upon agreements between Trans-Canada Air Lines and the government, under the provisions of the Trans-Canada Air Lines Act.

(b) The encouragement of feeder line schedule services throughout Canada, where present or future public convenience and necessity indicate that such services are required, such services to be provided to standard consistent with the traffic requirements.

(c) The encouragement of frontier or "bush" services, so as to aid in the development of Canada's natural resources and adequately to provide for the development of those areas of Canada not served by other transportation facilities, where public interest indicates that such services are required.

(d) The encouragement of the development of such specialty air services as are from time to time appropriate in the public interest.

(e) The establishment of such international air services as are appropriate with Canada's interest in international trade routes.

2. Airports:

(a) The progressive development of main line airports, to permit of the utilization of the most modern types of aircraft at the minimum capital outlay consistent with safety and economy of operation.

(b) The development of a minimum number of international airports consistent

with Canada's position in the international civil aviation field and our obligations under international air agreements.

(c) The encouragement of and assistance to municipalities for the development of airports throughout Canada, where it seems desirable that such airports should be developed, maintained and operated by municipalities, to standards set out by the dominion government.

That deals more particularly with the first item that we discussed this evening.

(d) The assistance in the establishment of airstrips at air bases feeding remote areas, for the purpose of stimulating the development of Canada's natural resources.

(e) The assumption, for the time being, of part of the costs of maintenance and operation of those airports which are under the control of the Department of Transport, and to assist municipalities in the maintenance and operation of airports where such airports have either been transferred to, or developed by, municipalities.

In this connection, there has been established a scale of landing fees intended to meet part of the cost of the maintenance and operation of runways, which charges are based upon the ability of the air operator to pay and are approximately three per cent of the estimated revenue on a reasonable basis of operation.

Hangar rentals and other special facilities provided at airports at government expense are based upon a rental which is expected to amortize the cost involved over a reasonable period of time.

Efforts are being made to obtain revenues at the principal airports under the control of the Department of Transport, from such concessions as can be exploited with a view to meeting the expenses of maintenance and operation.

3. Aids to air navigation:

The provision and maintenance of aerial aids to navigation, such as radio ranges, instrument landing systems, meteorological services and air traffic control, if necessary, so as to ensure the regularity and safety of air navigation.

4. The government keeps abreast of all civil aviation developments. As a member of the international civil aviation organization, Canada has played a leading part in the establishment of common procedures in the technical aspects of civil aviation. The government will continue to favour the policy of international collaboration and co-operation in air transport.

I have two or three other answers to questions which were asked last night. Perhaps I might say they are questions of minor importance, and the committee might allow me to write to the hon. gentlemen giving them the information rather than giving it on the floor of the house.

Mr. ISNOR: Perhaps my question in reference to wreckage was of minor importance.

Mr. CHEVRIER: I saw it today. May I give the answer now?

Mr. ISNOR: This is one of the minor questions to which the minister referred.

Mr. CHEVRIER: Yes. I find that there has been no salvage service in the maritime provinces since 1917. The last payment was made to the Maritime Foundation Company, I think, which operated a wrecking plant in those years. This company is now doing its own work. I am informed it is in a sound financial position, and for that reason it has not been necessary to pay a subsidy.

Mr. ISNOR: I wish to thank the minister for the information, which I do not think is entirely correct. Perhaps at some time or other I will check on it and make a further observation. I am reasonably sure that there was a payment. Before the officials leave, I have a question.

Mr. SMITH (Calgary West): We are still on item 560.

Mr. CHEVRIER: Yes, the last vote.

Mr. ISNOR: I have reason to believe that a subsidy was paid to the Maritime Foundation Company since 1935. In any event, if subsidies are not needed on that dangerous portion of the Atlantic coast, surely they are not needed to the extent of $45,000 in other parts of Canada. I shall let that stand for the time being.

The minister was good enough to give the tonnage for 1938. When I mentioned 1944 he said that he would give that. I ask him to give the tonnage; that is all. In view of the large increase in the import and export business enjoyed by Canada during recent years, and bearing in mind the figure the minister gave for 1938, will he be good enough now to tell us the figure for 1944 and 1947?

Mr. CHEVRIER: For 1944, 6,238,000 tons; 1947, 3,577,000 tons.

Mr. ISNOR: That proves the point. We are not getting anywhere near our share of the business.

Mr. CHEVRIER: The hon. member must keep in mind that 1944 was a peak year, not only in the operations of the ports but also in rail and other transportation facilities.

Mr. McLURE: Probably my question was a minor one, too. Some time ago I asked the minister about the word "deficits" appearing in the reports instead of the word "service". I think he said it would be given consideration. I notice that item 557, which has been passed, contains the word "deficits" instead of the word "service".

Mr. CHEVRIER: All I can tell the hon. gentleman is that he has brought the question up repeatedly. He brought it up again during the sittings of the railway committee. I then said to him that the Duncan report clearly stated in one of its recommendations the reason why this is set out as a separate operation. The Canadian National Railways were then required to segregate the receipts from the expenses and keep a separate account. I think the president of the Canadian National Railways told the hon. gentleman that he would give it some consideration. He is guided to some extent by that recommendation.

Mr. MACDONNELL (Muskoka-Ontario): I wish to say that I am not going to press this matter further at the moment; nevertheless I wish to make one or two comments to the minister about the statement which he read. What I asked the minister was for a statement showing the line of reasoning which had been used in air development, and particularly the relationship between the civil and the military side, the relation which defence had to ordinary commercial aviation. I think the minister will agree that the statement which he has read has said nothing about the security side, except by implication that these fields no doubt have a relation to security.

Any criticism that I make I realize is not levelled against the minister at all, because he has only just taken this branch over, and that is one of the reasons why I am not going to press the matter now. I think the statement he has given has in one way answered nothing. It has given us a certain number of figures. One could sum up by saying that it says we have felt it desirable to keep up with the Jones's; in other words, with other nations in the matter of civil aviation. I am not saying it is not a good thing. What I am saying is that it is no attempt to answer my question as to why we are carrying commercial passengers at a rate far below cost, which I assume we are. He has not answered that at all. He has not attempted to, but there is an important point in these expenditures which we are making for the defence element on the one side and the commercial element on the other. I will not press that now. I will simply say that, so far as any evidence that we have at the present time indicates, there is no reason to suppose that there is any thought-out basis on which we are proceeding. We are simply going ahead in the belief that keping up aviation is a good thing—as I think it is—

Mr. MacINNIS: Then you are in agreement with the government.

Mr. MACDONNELL (Muskoka-Ontario): I am not either agreeing or disagreeing. I am simply pointing out at the moment—and I will leave it at this—that next year there will be an opportunity to question the minister, and I hope that the questions which I asked the day before yesterday, and which I think are sound questions, will be answered. As a matter of fact, I do not think they can be answered because they have not been considered.

Mr. CHEVRIER: The hon. gentleman has been very kind and courteous this evening. If I understood him rightly last night, I thought he felt that there was no predetermined plan which we were following, and I attempted this evening, in this statement, to show that there was. We have divided it under three heads: commercial air services, airports, and aids to air navigation. It was my intention, when I asked the officers to get this information, to have it prepared in the manner in which it has been prepared in the department under previous ministers, and they told me that this was the policy. I am giving it to the committee with that assurance. It may not be what the hon. gentleman had in mind, but I suppose if I had brought down a statement of another kind he would have been free to criticize it and to say it was not satisfactory—

Mr. KNOWLES: He would have wanted this one.

Mr. CHEVRIER: —and to shoot at it in the manner in which he has shot at this one.

Mr. SMITH (Calgary West): He has been very gentle with you; he has not shot it at all.

Mr. CHEVRIER: I have been grateful for his courtesy, and I hope that next year I shall be able to answer his questions.

Mr. MACDONNELL (Muskoka-Ontario): I am not going to press the matter. I simply ask the minister to read my question of the other day, which I asked in good faith, and which I believe has something to do with the essence of the matter. He has not been able to answer the question, but it is not through any fault of his own.

Mr. SMITH (Calgary West): This is item 560. Apparently there is no one from either Montreal or Vancouver. I am looking along the line and I do not see anyone from Vancouver.

Mr. MacINNIS: Your sight is not good.

Mr. SMITH (Calgary West): I was looking in that direction. I think I hear someone saying that no Conservative could ever see anything in the direction of socialism. I agree with that heartily. We are in agreement on that point.

Mr. KNOWLES: The statement was that you could not see even in the direction in which you are looking.

Mr. SMITH (Calgary West): I hear a fellow from Winnipeg—I beg your pardon, Mr. Chairman, an hon. gentleman from Winnipeg—saying that I cannot see anything even in the direction in which I am looking. I assure you, sir, I can see more through the back of my head than he can see through his eyes, so that we are all even there. I think there is another shot coming. How many barrels have they to this gun anyway?

Mr. KNOWLES: Which way are you going when you are looking through the back of your head?

Mr. SMITH (Calgary West): I shall be going straighter then than you are, no matter in what direction I am going. Perhaps the hon. gentleman will laugh that one off. I think I scored that time.

The CHAIRMAN: I wonder if all hon. members would address the chair and discuss the item under consideration.

Mr. SMITH (Calgary West): I shall be happy to do that, sir. I began by trying to do so, but certain influences—I can only call them that—to my left, distracted my attention. I am sorry, and I am sure they will join me in an apology to you.

I was going to say that there is roughly $1,000,000 in this item. There is $968,105; we are spending $853,000 odd in Montreal and $115,000 odd in Vancouver, and there is an increase over last year of $336,000 odd. Would the minister let me know what the major items are in an expenditure of that size? I live inland and I should like to know what these things are.

Mr. CHEVRIER: To deal first with Montreal, there is an item for wharves and piers, $60,000; paving and drainage, $40,000; construction of single storage shed, $350,000; installation of cargo beams, $30,000; installation of fire hydrants and transit sheds, $45,000; tracks to serve new sheds, $54,000; cold storage plant, $25,000.

Mr. SMITH (Calgary West): Where is that?

Mr. CHEVRIER: It is on the harbour front.

Mr. SMITH (Calgary West): How many miles does that cover?

Mr. CHEVRIER: About twelve miles.

Mr. SMITH (Calgary West): I can find it without trouble.

Mr. CHEVRIER: Turning to Vancouver: renewal decking, $40,000; reconstruction of conveyor gallery, $18,000; construction of shed to replace shed No. 1, Lapointe pier, $5,000; replacement of substructure, shed 2, $45,000; electric power supply cable at fish dock, $7,000.

Mr. SMITH (Calgary West): Would the minister give me similar figures in the gross for the two ports in the previous year? There is an increase of $306,377. Can the minister give me the comparative gross for the two ports last year?

Mr. CHEVRIER: The actual gross expenditure last year for Vancouver was $230,000, and for Montreal, $123,000, which added together is much less than the amount mentioned in the estimate, because we did not spend the money voted.

Item agreed to.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

245. Departmental administration, $623,428.

Mr. FLEMING: The minister was going to give a great deal of information that had been asked for.

The CHAIRMAN: Before the minister replies, it occurred to me that some other hon. members might wish to ask questions. If not, the minister has the floor.

Hon. PAUL MARTIN (Minister of National Health and Welfare): Before making general observations, I was waiting for any other questions that hon. members might have wished to put. Perhaps I might start where the last speaker but one, the hon. member for Calgary West, left off, so that I can cover in a general way, at this stage, as many as possible of the points raised by those who have thus far discussed the estimates.

Of course it is difficult on these estimates, because of their particularity, to define the relationship between what is done under this vote and what might, within the rules of the house, more properly be discussed under the specific items to be contained in the supplementary estimates which will embrace the national health program announced a few

weeks ago by the Prime Minister. But the question raised by the hon. member for Calgary West is one that I think comes under the general administrative vote; and perhaps on that account, and because of the importance of the matter, I should make a comment.

The hon. gentleman referred to what the department was doing with regard to one of the great causes of suffering in this country, namely rheumatism or, as it is more properly called, arthritis. A good part of what I would want to say about that subject, by the very nature of the program announced by the Prime Minister, would have to be discussed when we discuss our supplementary estimates in connection with the grants we intend to make to the provinces and which, among other things, in the public health grants, include some assistance toward trying to relieve human suffering in this country in terms of arthritis.

As the hon. gentleman has said, there is a general interest in this subject. Certain organizations throughout Canada have expressed a desire that provincial and federal administrations should seek to do something about this great cause of human suffering in our country. About nine months ago, having a layman's point of view in connection with this department, I asked two of my officials to go to England and to get in touch with Lord Horder, whose work in the field has perhaps been the most outstanding in the world. As a result of their conversations with him last September, I convoked here at Ottawa a conference of all the provincial governments, the medical colleges and the leading rheumatologists in this country, with the idea of seeing if there was something that we might do on a national basis to try to bring about co-ordinated action in regard to what is properly called arthritis.

The result of that meeting was the establishment in this country of an organization to be known as the Canadian arthritis and rheumatism society. The organization of the body followed the technique of the previously successful attempt in creating on a national basis the Canadian cancer institute. I am happy to say that the job of the Canadian arthritis society will be, first of all, to try to provide, through their films and pamphlets and whatever other known media are available, information which the specialists on this subject have—and I must say that I am advised it is a limited knowledge—with regard to the ways and means by which rheumatism, in the two hundred and over forms in which it exists, can best be corrected by medical action.

[Mr. Martin.]

Mr. SMITH (Calgary West): By medical what?

Mr. MARTIN By medical and professional treatment. At the end of the last war the government in this country and the world generally, because they had in their midst tubercular veterans, were obliged by that fact to try to make some real effort to remove the scourge of tuberculosis. The impetus that was given by the Department of Veterans Affairs in this country, as well as by similar departments in other countries, sponsored by the obligation of looking after tubercular veterans, set on foot in this country a tremendous amount of governmental and voluntary effort in an attempt to remove tuberculosis from our midst. I have every reason to suggest that, as a result of world war II, it may be possible to duplicate in the arthritic field—and I am now merely expressing what I trust will ultimately prove to be an eventuality—the same kind of impetus that was given at the end of the last war. Why do I say that?

Mr. SMITH (Calgary West): Will the hon. member permit a question?

Mr. MARTIN: Yes.

Mr. SMITH (Calgary West): Do your experts with respect to arthritis say that today they have any cure in the world for that disease?

Mr. MARTIN: No, I cannot say that they do. I shall come to that in a moment.

Mr. SMITH (Calgary West): I am sorry to interrupt.

Mr. MARTIN: That is all right. What I was trying to do was just to give the committee a picture of the imagination that has gone into what, in a humble way, we and the provinces are now attempting; and what we have done was done on the basis of the best professional advice existing in this country and in the United Kingdom. As a result of world war II, it may be expected that science, through the resources placed at its disposal by this nation for the treatment of arthritic veterans may bring about the same kind of encouragement that followed the action taken by the governments with regard to tubercular veterans at the end of the last war and its consequences on the civil population.

At Sunnybrook hospital, which I understand many hon. members will visit tomorrow, and at one or two of our other major veterans hospitals in this country, but notably at Sunnybrook, there has been built in terms of

equipment, I am told—and I have never examined it; I am not personally qualified to comment on, to pass judgment on or to assess the value of that equipment, or to do other than rely upon what those who by training should know better about it—what is perhaps the most modern plant of its kind in the world. We are hoping that, as a result of that equipment, and as a result of the work of the rheumatism and arthritis society, as a result of the moneys which will be given by the central government to the provincial authorities, we may be able to do three things: first, to assist that society in carrying on an educational campaign in this country among those who are suffering from rheumatism, or arthritis as it is properly called; second, to give an impetus to the profession itself in the treatment of this subject. I hope it will be feasible to bring to Sunnybrook and to similar institutions in this country, for purposes of giving refresher courses with regard to arthritis, this terrible cause of suffering, certain people in the profession.

With regard to the specific question of the hon. member for Calgary West, whose great personal and national interest in this problem will, I am sure, commend itself to every member of the committee, because of his own close relation to it, we have had this conference with nine of the leading rheumatologists of this country, headed by Doctor Wallace Graham of Toronto, Doctor Wright of McGill and several others. We have relied on their judgment in the creation of this institute and society. The steps that we are taking to provide financial assistance to them, along with the moneys provided by the Canadian Red Cross will, I hope—and I cannot say any more at this stage than hope—set on foot a movement in this country which will at least partly relieve 100,000 people—that is an estimate based upon a survey made about seven years ago—who are seriously suffering from this disease, and perhaps another 700,000 who are not as seriously suffering.

I cannot at this time say any more than that about the matter. There is not as much known, so specialists say, as one would like. There are many forms of the disease which lend themselves to curative action, by rest treatment. But I wish to assure the hon. member and the committee that the interest I have taken personally with regard to the cancer institute—and I am not going to be overly modest about that achievement—will be as intense in this particular matter.

When we come to the supplementary estimates, once these matters are before the house I shall be able to indicate on the basis of anticipated agreement with the provinces as a result of the conference of last Monday and Tuesday, what I might reasonably expect in terms of dollars and cents we might be able to do in trying to begin at long last to do something on a national basis in connection with this problem.

Mr. SMITH (Calgary West): Research?

Mr. MARTIN: Research and treatment. Research in connection with arthritis is on a different basis. In the case of cancer, you can have research carried on in laboratories, as I shall ultimately indicate, as well as research carried on under treatment. In connection with arthritis, Doctor Wallace Graham, and these others tell me that there is a closer relationship between treatment and research. In other words, pure research in the case of arthritis does not exist as it does in cancer. You can more readily put a man to work in a laboratory on cancer.

Mr. SMITH (Calgary West): You have it right in front of you?

Mr. MARTIN: That is right. With regard to cancer, as I indicated last session to the house, it is one of the great killers, taking annually about 14,000 lives in this country. It seemed to us in the department that, while jurisdictionally health is a matter for the provinces, the same impetus which drove us to defeat the enemies of freedom should cause us to try to defeat the enemies of man in days of peace; and cancer is certainly one of those diseases and enemies.

I might say that in the Department of National Health and Welfare I have found this, that whatever may be the relationship between the provincial authorities and the central government, traditionally or actually, thanks to the successful functioning of the dominion council of health, I cannot, as Minister of National Health and Welfare, complain about the collaboration that I, as minister, have had with the provinces of Canada. Twice each year the dominion council of health meets to discuss in our department, under the chairmanship of the deputy minister of national health, problems of national and provincial interest in the field of health. Those conferences have allowed each of us to survey the field of national health without in any way creating the danger of intervening in places which are constitutionally reserved for other government authorities. And it was because of the experience at the first meeting of the dominion council of health which I attended a year ago, that last January we convoked a meeting of the cancer societies in Canada, the

medical colleges in Canada, the provincial governments in Canada, the leading public bodies interested in providing financial assistance, the nursing association, and the like, with the thought of presenting to them this particular challenge, that, while in some provinces a special attempt was being made to eradicate or try to find some solution for cancer on the research side and to provide better diagnostic facilities and greater public information about the danger of cancer on the other, the time had come when we should try to co-ordinate in the national field what was now being done in several provincial jurisdictions. The result was the creation or the establishment of the National Cancer Institute of Canada.

I am pleased to say to the committee tonight that, as a result of that accomplishment, there began last September 12, twenty-seven different fundamental research projects on cancer in Canada. That, I think, is a significant achievement, for which I take no credit, and for which I am not asking that credit be given to the administration. The credit belongs to all who co-operated in creating that national body. That is in keeping with the tradition of this department, for our job on the national level is essentially and legally one of co-ordination of the activities carried on in the field of health by the various provinces.

When we come to the supplementary estimates I shall be able to indicate the financial assistance we are prepared to give, not only to the cancer institute but to the provinces, to enable them to carry on greater treatment facilities in respect of cancer, a greater system of education—and this is very important, because of the importance of early diagnosis—and greater financial resources to carry on research with regard to cancer.

Mr. SMITH (Calgary West): Are these twenty-seven organizations co-ordinated, or are they duplications; or are they on separate problems in connection with the same matter.

Mr. MARTIN: I might say that the national cancer institute is a non-governmental national body. But they have agreed that the agency that should pass upon all applications for research projects should be the medical division of the national research council.

Mr. SMITH (Calgary West): The clearing house?

Mr. MARTIN: Yes, the clearing house. That body is made up of some of the most eminent professional and medical men in this country. At this stage there is no duplication; but there may be duplication within the third year, on the theory that you do not necessarily engage in further effort when there is a duplication of research. A man might be engaged in one place on a particular research project, and another research scientist somewhere else might be engaged in the same field.

Mr. SMITH (Calgary West): Diabetes, for example.

Mr. MARTIN: Yes, diabetes is a good example. When Doctor Banting made his discovery it was based upon work done by a doctor at Yale, whose work in turn was being duplicated by scientists elsewhere.

I merely mention these two bodies to indicate that whatever may be the constitutional difficulties, there has grown up an opportunity through the dominion council of health to circumvent provincial boundaries to try to get common agreement with respect to action, and a proper assessment of which body is best fitted by any standard to deal with particular health problems. When, as I say, we come to the supplementary estimates I shall be able to particularize in much greater detail.

Then, the hon. member from Winnipeg spoke about treatment of the blind. Let me say simply this, that I cannot disagree with what he said, for I feel that this is a field where caution should not be underlined. What we all want, regardless of party, is to do the best we can in this important field of human endeavour.

I agree in the main with what he has said with regard to spending too much. There is something I should like to tell the committee, and I think this is the first time it has been said. Last year we reduced the age at which blind people could receive what I think is improperly called an old age pension—it is a pension which is paid under the Old Age Pensions Act—from forty to twenty-one years. I suggested to my officers that we should at once give consideration to the implications of the step we were taking and ask ourselves whether we were doing enough to prevent blindness, whether we were doing enough to try to improve the eyesight of people who, unless improvement was brought about, would ultimately grow into total blindness and be beyond the pale of improvement.

We have now proposed a scheme to all the provinces whereby, if they agree to spend twenty-five cents, we will contribute seventy-five cents toward the treatment of selected cases from among those people in receipt of pensions who are partially blind and try to improve their eyesight in the expectancy that such improvement will not only give them the freedom they want but will also relieve them from the pension rolls. Thus far we have

been able to conclude one agreement, with the province of New Brunswick, but I have every hope and expectancy that within the next few months we shall be able to conclude similar agreements with all the provinces. Thus a man of, say twenty-three years of age with thirty per cent vision, who is in receipt of a pension under the pensions act will be taken in hand to see what we can do to improve his eyesight and take him off the pension roll. This policy will be vigorously pursued.

Mr. KNOWLES: Is this proposal being made to the provinces apart from the program recently announced by the Prime Minister?

Mr. MARTIN: It is a separate program. Mention has been made that we are spending more now in this department by some $80,000,000 than is being spent in the Department of National Defence. Roughly speaking, that is true. I am glad to say that is true. I do not for one moment minimize the importance of national defence at this time in our history, but I do think that if there is one department—I am assuming now that the money appropriated is properly spent—where we cannot measure results by dollars and cents, it is surely this department.

Without being adjudged irresponsible, I have endeavoured to put forward the point of view that wherever we can, by ourselves or in collaboration with the provinces, bring about improvement in health standards of our people, we should seek to do so. That is the only apology I have to offer for our expenditures. I am not referring to that as criticism by the hon. member for Eglinton, because he did not offer it in that vein. It was simply an observation he made, pointing out the growing importance of the department.

Mr. FLEMING: It is $113,000,000 more than national defence, not $80,000,000.

Mr. IRVINE: That is the best kind of defence.

Mr. MARTIN: As someone says, I think that is a pretty good kind of defence. The hon. member for Eglinton asked a number of questions. He asked about medical research. As the committee knows, there is provision in the new national health program for research on a basis higher than we have ever gone before and, I find on examination, higher than any other federal state in the world. When we come to those estimates I shall be glad to particularize.

In the meantime I can indicate that through the national research council, medical division, the sum of $300,000 is currently being spent in the field of medical research. The Department of Veterans Affairs carries on clinical research in its major centres, notably, as I indicated earlier, with regard to arthritis. The Department of National Health and Welfare supports research projects in connection with the administration of Indian and Eskimo medical services.

I should like to make a digression at this stage. With regard to tuberculosis, the fact is that one per cent of our population is responsible for twelve per cent of the tuberculosis we have in this country. The tubercular rate is very high among our Indians and Eskimos. It may be that some day someone may be open to criticism for the amount of money we are spending in this field, but I make no apology for it. In 1927 we were spending about $700,000 on Indian health; last year we spent $5,000,000, and this year we are going to spend approximately $7,500,000.

I am not saying that is adequate by any means, but it is adequate in relation to our ability to get the necessary professional skill to keep in touch with and be consistent with the program we are gradually developing. Hon. members who live in western Canada will appreciate the work being done by the Indian health section of this department. There is our Charles Camsell hospital at Edmonton with 350 beds. I am told by those who are in a better position to know that it is one of the best tubercular institutions in Canada.

There is our institution at Coqualeetza with 200 beds and the new hospital at Nanaimo which ultimately will have 200 beds. Then there is the hospital at Brandon with 200 beds and at The Pas with 185 beds. These are institutions devoted exclusively to the cure of tuberculosis among Indians and Eskimos and they represent a program which was begun nearly two years ago.

Hospital costs which are terrific are increasing the budget of this section of the department. This represents an attempt to deal with 130,000 people, the total of our Indian and Eskimo population. I am sure the committee, regardless of political affiliation, will join with me in saying that we owe an obligation to these people to try to remove this terrible scourge from their midst. In doing that, we help ourselves, because in those areas where the native population is contiguous to the white population, one frequently finds that the tubercular rate among the white population is higher than in other centres further removed from the native population. So quite apart from the question of duty there is the question of self-interest. I do not want to

prolong this discussion on Indian health; I simply made that digression to indicate the importance we attach to it.

The hon. member for Eglinton asked the number of employees in the department. As of April 31, 1948, the employees numbered:

Permanent	305
Temporary	2,031
	2,336

That total does not include doctors on a part-time basis, who are scattered all over the country in the most hidden places, doing a remarkable service to bring medical attention to our native population. The reason for the high number of temporaries is that this is a new department. We are continually adding divisions in the light of our concept of new obligations. But since the beginning of the present year, the creation of permanent positions in lieu of temporary positions has been given considerable attention. Authority has been sought from the civil service commission for a departmental quota of permanent positions, and the civil service commission advised only last week that they are taking steps to put into permanent capacity a very large percentage of those now in the temporary bracket. Just as soon as the probationary period has expired, this section of those now in the temporary class will be given permanent status.

With regard to educational and informational publicity, I would say, in reply to the hon. member for Eglinton, that the estimates for this year aggregate $409,350, whereas last year they aggregated $471,199, or a reduction of $61,849. He questioned whether the actual expenditure for last year would not show that we were asking for more this year than last. I might say that I have consented to the reduction with the greatest reluctance, because I feel that one of the best things we can do in this department as a national body, having in mind the constitutional responsibility of the provinces, is to assist them in the field of education; and if anyone does not think there is not an opportunity in the field of information for the work that is being carried on by films and by pamphlets and by publications I would be only too happy to show him convincing proof from both provincial and municipal governments and school authorities that the opposite is the case.

Mr. FLEMING: I asked the minister to give the actual expenditure on educational and informational publicity last year, but he simply repeated the figures I gave.

Mr. MARTIN: Our estimates this year actually total $409,350, and last year, $471,199.

[Mr. Martin.]

Our expenditures and commitments last year totalled $439,262. Our estimates this year represent a reduction from this figure of $29,912.

My hon. friend asked other questions with which I propose to deal when we come to the particular items. But he did raise one matter that I should like to mention to the committee now, so that the members will have these figures before them when they are considering the supplementary estimates in relation to the new health program of the government.

I have reference to hospital admissions in Canada. The reports of the dominion bureau of statistics show that the number of hospital admissions in Canada increased from 574,489 in 1938 to 1,365,928 in 1945. To put it in another way, the index has risen from a base of 100 to 237. Comparable figures on the number of beds are not immediately available. However, the total number of patients under hospital care rose from 58 per 1,000 of population in 1932 to 110 per 1,000 in 1944. Many factors enter into this. There is a greater tendency to use hospitals, on account of changes in the way we live and changes in medical practice. There is also a more rapid turnover of patients, as a result of the shortening of many illnesses by the use of new drugs such as penicillin, which means that one bed serves more patients than ever before, and there is also the spread of health insurance schemes, all of which have played a part in changing the statistical picture.

The hon. member for Eglinton asked a question with regard to T.B. statistics. The figures for 1947 are not yet available. The increase mentioned by the hon. gentleman between 1945 and 1946 is probably not significant when the general trend is noted. The death rate in 1900 was 200 per 100,000 of population, and in 1946 it was 47·2 per 100,000. The rate varies from 17·5 in Saskatchewan to 70·4 in Quebec. But I agree that, in spite of the tremendous improvement which has been made we cannot be satisfied until we have had, with regard to tuberculosis, the same results that we have had with regard, for instance, to diphtheria.

The last observation I want to make in a general way at this stage is that the estimates this year are naturally over-shadowed by the important announcement made by the Prime Minister, but I wish to say at this stage that we did have on Monday and Tuesday of this week—I am not now going to give the results of our conference with the provinces—an exploratory conference with them which I think I can describe as being more than satisfactory. The committee may wonder why that conference was called before I had had

an opportunity of having appropriated the estimates involved in the announcement made by the Prime Minister. I must accept full responsibility for that anticipated action. The reason it was done was that I felt the house and the country generally would want both the provinces and the federal government to begin at the earliest possible moment to implement the program, which is dependent upon action by both provincial and federal governments, and so, in order to avoid delay, I called the conference long before the moneys were appropriated by parliament, in the expectation that parliament would, of course, appropriate the sum of money involved in the new health policy. There is a great deal of ground work to be done. The provinces have to appraise their situation, and giving them this opportunity to assess their needs and exchange information with us may well mean the saving of some weeks. I thought it was only meeting what I felt would be the public wish as well as parliament's wish that there should be no delay in trying to set in motion the machinery by which this program is to be made more readily effective.

I do not think I have now anything else to say, except that the suggestion made for the setting up of a committee dealing with both health and welfare matters is one which is receiving attention. The suggestion has much merit, and I am hoping that I shall be able to take some definite steps at a later date in connection with it.

Mr. SMITH (Calgary West): In giving a comparison of hospital admissions in Canada, the minister used the years 1938 and 1945. It might help if he could tell us how many hospital beds we had in 1938 and how many in 1945. He put it in another way. He said that we had 58 hospital patients per 1,000 of population in 1932 and 110 patients per 1,000 of population in 1944. In other words, from those figures it looks as though we were losing ground in this health race. I took that from the answers which the minister gave. I have not had the opportunity of calculating the percentage by which the thing is overcoming us. The figures are even more startling than I thought they might be. Therefore at some time before this matter is finally dealt with, I wonder whether the minister could give us the number of beds for the years in which he has hospital beds.

Mr. MARTIN: As the hon. gentleman knows, the program announced by the Prime Minister includes grants for assistance to hospital construction. When we come to deal with that I intend to review the matter in greater detail than under the circumstances I think should be done now. I will give an answer specifically to the question, indicating the estimated shortage now, based upon two national surveys and our proposed expectancy of the result, in terms of cutting down the bed shortage, by the new program.

Mr. SMITH (Calgary West): I also want the minister's view as to whether or not the suggestion I make is correct that we are losing out in the health race. In other words, is illness beating us? Is it on the increase as compared with the increase of population in the country? I think the minister understands what I have in mind. I realize fully that in these days more people are using the hospitals than they did formerly. For instance, many years ago babies were born at home and mothers were not hospitalized. That day has gone, and was gone prior to the year the minister gave me. I know that many mothers go to the hospital; my own wife, for example. I have a child thirty-five years of age. She is not exactly a child, but she was once. My children were born at home. I was opposed to the idea but naturally I did not count in that picture.

Take mining camps. This is where the doctors are bright. In a mining camp you usually have a hospital which is owned by the miners themselves. This is the way it operates in the part of the country from which I come. I do not see many doctors in the house at the moment. There are two here. Instead of going to the miner's home, the doctors found that it was much simpler to send him to the hospital. They had a contract with the hospital, and they can take care of half a dozen men in the hospital at one time instead of calling at half a dozen homes. I am not saying this in criticism. Were I a doctor I would do the same thing and perhaps do a great deal more of it and thereby save time for other people.

I pass along to one remark the minister made which I should like him to clarify. He said that the white population, contiguous to Indian reservations or to Eskimo people, were more subject to tuberculosis than other whites in Canada. I should like to ask whether or not the minister thinks active operation of tuberculosis among Indians and Eskimos can possibly have anything to do with that? In other words, is not the cause of tuberculosis among these people largely the conditions under which the patient, as he becomes later, is living? Does the minister really think the white population are infected with tuberculosis because they are living alongside Indians?

Mr. MARTIN: I was only quoting, without naming him, the work of Doctor Tisdall, who

made perhaps the most extensive survey ever made among the Indian population. I am referring particularly to the great survey he made among the Indians in the James bay district.

Mr. SMITH (Calgary West): That is down east. I am quite unfamiliar with James bay. Only in the last two weeks I read of the wonderful job Doctor Tisdall had done, for which I am sure the people of Canada should be very grateful, even though many of us may not have read it.

I now turn to what I began with, namely arthritis. Do I summarize the position correctly when I say this? May I say, Mr. Chairman, that I say this without even a thought of blaming the minister, the department or anyone else. Is this not the present position with respect to arthritis? No one in the world today knows the cause of it. I think that is a fair statement. In January I myself spent a couple of weeks at perhaps the most famous institution of its kind in the world, and I certainly got that impression from the place in which I was. The minister said he hoped that, following this war, we would get the impetus that the investigation of tuberculosis received after the first great war. All of us will, I am sure, join the minister in that hope. But does it not resolve itself to this? By research, and particularly by treatment, because treatment is research—I mean a doctor has a dozen cases—a doctor learns something. An institution has a dozen cases. The doctor is in a much better position to make comparisons and therefore come to a conclusion which is more likely to be right than the conclusion of a person who has only a few cases.

I want to say just a word about an institution at Banff.

Mr. MARTIN: I know it very well.

Mr. SMITH (Calgary West): I am not for a moment saying it is successful or unsuccessful.

Mr. MARTIN: They have done good work.

Mr. SMITH (Calgary West): In this House of Commons we must not mention names or do anything of that kind. But is it not more likely that, by segregating these people in a place where many observations can be made by competent medical people, we shall more quickly arrive at a conclusion as to the origin of the disease and its treatment? Today, as I understand it, all we can do is to ease the pain. At the moment we know nothing as to the origin of the disease or as to its eradication. The only thing we can do at the moment is to ease the suffering of these people.

[Mr. Martin.]

The minister gave some figures which are even higher than I thought they were. We in Canada have a population of around twelve million people. The minister mentioned that a hundred thousand people were suffering severely. From that, I gather that the people to whom he referred were crippled by this disease. He then said that possibly 700,000—

Mr. MARTIN: Between 700,000 and 800,000. That is based upon a survey of 1938.

Mr. SMITH (Calgary West): What does that mean? We are a population of twelve million people. Of that number 800,000 or 900,000 are suffering the pains of arthritis. I speak with some knowledge. I have just a little idea of what they are going through. I am one of those fortunate people in whom the disease was arrested. My good friend, the hon. member for Lanark, told me that sometimes the disease did arrest itself. I happened to be one of the hundreds to whom that happened. When it will start again I have no idea. But when we admit that 800,000 or 900,000 people out of 12,000,000—and it affects people of all ages—one-thirteenth or one-fourteenth of our total population are suffering and are apt to be crippled by this illness, then it seems to me that we have never known a greater national emergency.

Let us put it in this way. For the moment leave out the faculty of human suffering. Let us accept it on the basis of our economy. You take 800,000 out of 12,000,000 and you have cut down your working force, your earning force, your producing force. You have taken that number from our economy, because the minister will admit that the incidence below manhood and womanhood is not large. It does strike down young people, it is true, but I do not think the incidence among children is nearly so heavy as it is among those who have gone on to manhood and womanhood.

I give the minister credit; I honour him, for the conferences which he has called. I say to the members of this committee that no war has ever removed from our working forces that number of people, and one hesitates to contemplate the mass suffering which goes on among 800,000 people. If that is not a national emergency I never knew one.

As far as I am concerned, and I am sure I speak for all members of the committee, I will uphold the minister's hands in every way I can. Let us regard it from the economic side, if you like, a matter of money. But let us not do that. Let us rather be humanitarian and save these poor people from suffering, which is unnecessary if we can only find the remedy. Why have we not found it?

I have consulted many physicians, and they have given me the same answer. I say, "Why is it that there are so many people suffering from rheumatism?" I am told by competent X-ray people that I have enough rheumatism in my back to cripple me, but still I can dance a jig the odd time if I have sufficient fortification from the hon. member for Davenport. However, they all tell me that the reason we have not advanced further is that, while it is chronic, it is not fatal. That is true, and it is a statement which reflects no credit on the people of Canada or on the House of Commons.

Once more I assure, indeed I reassure, the minister that I will support him to the limit, as I am sure the house will, in any measures he can reasonably take to eliminate this scourge of all scourges, speaking of pain, from our midst.

Mr. McIVOR: I have just a word to say. The minister visited the lakehead during the past three sessions and spent weeks with the Indian agent, going through the Indian reserves, and, like a doctor, he was diagnosing the cases, finding out the needs of the Indians throughout the community in northwestern Ontario. Then he came back to the head of the lakes and visited the sanatorium. He visited men, women and children there, and I was surprised at the great kindness he showed to children who were ill. After that, the sanatorium board called him into conference and he got an earful. The result was that he backed up a former promise that a grant would be made by the dominion government to build an extension to our sanatorium. The report I received yesterday was that this extension has been made possible by this grant. On behalf of the board, I express our appreciation to the minister and his workers.

One other thing. During the past year, or more nearly two years, a new treatment has been introduced for tuberculosis. It is known as streptomycin. It is injected, and I can assure the committee that it works. But it costs a great deal. When it first came out it cost $3,000, and then it was cut down to nearly half. I have a close friend who took the treatment. At Christmas he collapsed, and now he is being discharged from the hospital by the first of July as cured. I hope this treatment can be made available to people who cannot pay $1,400 or more. Once more I express, on behalf of the sanatorium board, appreciation of the work of the minister and the splendid results that have followed.

Mr. BLAIR: I had not expected to speak on this subject again because, as I stated before the dinner recess, I wished to reserve my talk on matters of health until the introduction of the supplementary estimates, but the hon. member for Calgary West has introduced the question of arthritis. I have never missed a chance to say something about arthritis. It seems to be a hopeless disease and in the past it has been regarded in that light. When I say it is hopeless, I mean we have not yet found a cure for it. Research has been carried on, but we have not found a cure.

A situation has arisen where, in the public hospitals, in the small hospitals in the towns, and the city hospitals, the main public wards are filled with these people. Many of them have spent valuable resources in trying to get better. They get into the public wards and there they fill beds which are required for acute cases.

The hon. member mentioned 600,000 cases of chronic arthritis, but there are 125,000 acutely suffering. The point I make, however, is this. I was interested in the minister's account of what is being done at Sunnybrook. I have criticized that program before and I intend to criticize it again, because I do not feel that it is reaching the general medical practitioner. It is not reaching the man who has to do with cases. It is not reaching the medical schools, and nothing is being done in that way. While Sunnybrook can do research, and we are glad it is helping returned soldiers, it is not reaching the mass of the population.

It is all very well to carry on there, but I have seen patients in the public wards because there was nowhere else for them to go. The main thing is that if we are to deal with this problem we must start at the root of things.

Mention is made of specialists in arthritis. I do not know where they are, because you cannot specialize in something when you do not know the answer. I will say, however, that there are pseudospecialists who are taking advantage of these people by offering certain cures and taking their money, while little result is shown. We can, however, do something with this disease in the way of stopping some of these people from becoming hopeless cripples, and that requires, as has been suggested, some special apparatus. Some of this material is not available to general practitioners who come into contact with the greater number of patients.

Physiotherapy can do a great deal, and bed rest, complete rest. The hon. member for Calgary West mentioned hospitalization, and so did the minister later. This also comes into the question of arthritis. People are going into the hospital now for the reason that there is a

shortage of trained nurses in Canada. You cannot get a trained nurse any place. The other thing is the shortage of help in the home. Industrial plants have bought industrial health insurance for their people. People are afraid of the high cost of sickness. They just cannot afford to be sick.

But to get back to the people who are suffering from arthritis, in spite of the fact that I do not pose as a specialist, I have had practical experience in seeing these poor people who suffer. I cannot feel that a start in coping with this disease has been accomplished at Sunnybrook. You are only dealing with a specialized bunch of people.

Mr. MARTIN: That is only part of what we are doing.

Mr. BLAIR: That is quite right. But the minister mentioned the impetus which will be given. It will take more than a few cases in Sunnybrook to give an impetus to this treatment of arthritis. This subject is poorly taught in the medical schools. There should be specialized lectures, not only on the cases of arthritis but on the differential diagnosis of the various types of arthritis. I myself found something like fifty or seventy different types of diagnosis in arthritis. Various cures were presented for various forms of arthritis. I actually found seventy different types of rheumatic diseases.

Mr. MARTIN: There are two hundred.

Mr. BLAIR: You have done better than I did.

Mr. MARTIN: You know more about it. But I am told that there are about two hundred.

Mr. BLAIR: The point I am trying to make is that you must get at the root of the matter. Doctors going out of the medical schools, before they start to intern, should be taught more about whatever causes we know could produce this condition. They should be taught differential diagnosis. Failing a cure at the present time, they should be taught some treatment to stop these people from becoming cripples; because once these joints are ankylosed, there is no chance of doing anything whatever for them. Then, when these doctors go out as new practitioners they will know something about it, and they will have some experience when they go into practice. There are few known arthritis clinics in the world any place, although there are a few. The government could give a grant in the form of travelling scholarships to students, our graduate young doctors who are interested, and let them get some specialization.

[Mr. Blair.]

Mr. MARTIN: Our new program will do that.

Mr. BLAIR: That is the idea; get some specialists in the profession who know something about the disease. Then we could help the general practitioners and we could help out some of these general hospitals. Possibly the number of beds for chronic cases may take care of some of that, but treatment must be given. The average small general hospital has not the facilities that are available at Sunnybrook, nor has the average doctor those facilities.

Mr. MARTIN: May I point out that is why we have given more for the chronic beds than for the acute ones.

Mr. BLAIR: Yes. But let me point out to the minister that this program for chronic beds has been in operation in Ontario for some time before he introduced it.

Mr. MARTIN: I am not saying that we are novel in this matter. I am just indicating the fact.

Mr. BLAIR: To get back to the matter of beds the minister must remember this. Hospital beds may now cost, let us say, $9,000 to $10,000 a bed; the figure has run beyond all bounds; and even with what the government adds to the amount given by the province of Ontario, nevertheless beds will cost about $2,500 more than they did prior to the war. So you are still going to have difficulty in getting beds. I refer particularly to beds for those people afflicted with a chronic disease. So we must get back to the basis of things. We must teach this subject in the medical schools. We must provide equipment whereby the people can be helped. We must have an educational campaign, not for the public alone but for the doctors. It should be a campaign to make people not regard this disease as being hopeless. It should be a campaign to save the poor people from having crippled joints. We can put into operation certain knowledge we have. If we do not know how to cure this disease, we can at least do something to stop this horrible suffering.

Mr. MARTIN: That is what we are trying to do.

Mr. HANSELL: I notice that it is one minute to eleven, Mr. Chairman; and since I have about a ten-minute speech, and since it is too valuable to split off after introducing it, I would suggest that you call it eleven o'clock.

Mr. FLEMING: Would the hon. member allow me to take up that minute of time for the purpose of asking some questions?

Mr. HANSELL: Go ahead.

Mr. FLEMING: There are several points as to which I asked for information which the minister has not yet given. The first was with regard to family allowances. I ask him if he would put the tables on the record now, so that we can have them in advance before we reach that point in the estimates. Would he please do that?

Mr. MARTIN: I will do that. I thought I had it here. It is ready. I will see that it gets on the record.

The DEPUTY CHAIRMAN: Shall the item carry?

Mr. FLEMING: Just a minute, Mr. Chairman. The minister will put that on the record so that we will have it, will he?

Mr. MARTIN: I will do that.

Some hon. MEMBERS: Agreed.

Mr. MARTIN: I am now producing table of family allowances comparable with the table shown at pages 4465 to 4467 of *Hansard* of last year. I hereby attach the tables to date.

The CHAIRMAN: Has the minister permission to table these documents?

Some hon. MEMBERS: Agreed.

Mr. FLEMING: They will be printed in *Hansard*?

Some hon. MEMBERS: Agreed.

Mr. MacINNIS: Just a minute. Where do these tables come from?

Mr. MARTIN: From the department. They are the family allowances statistics. We table them every year.

Mr. MacINNIS: That is all right.

Mr. FLEMING: We have had similar tables in previous sessions. It is just in order to get them on the record.

Mr. MARTIN: The tables are as follows:

TREASURY OFFICE

DEPARTMENT OF NATIONAL HEALTH AND WELFARE
FAMILY ALLOWANCES DIVISION

Statistics based on April, 1948, Family Allowances Payments

Province	Number of Families	Number of Children	Average Allowance per Child	Average Allowance per Family	Total Amount
Prince Edward Island	12,756	31,904	$5.96	$14.90	$ 190,046
Nova Scotia	87,262	202,318	5.94	13.78	1,202,776
New Brunswick	68,728	175,934	5.82	14.89	1,023,391
Quebec	470,272	1,264,276	5.81	15.63	7,352,757
Ontario	556,881	1,099,088	5.98	11.80	6,574,504
Manitoba	100,299	207,965	5.98	12.40	1,244,127
Saskatchewan	114,649	257,827	5.97	13.43	1,540,415
Alberta	120,185	256,489	5.99	12.78	1,536,338
British Columbia	140,237	263,048	5.97	11.20	1,570,163
Northwest Territories and Yukon	3,257	7,060	5.83	12.65	41,202
	1,674,526	3,765,909	$5.91	$13.30	$22,275,719
Note: N.W.T. & Y. adjustment payments not included above					1,687
					$22,277,406

Family Allowance Payments Since Inception, July, 1945

	1945–46	1946–47	1947–48	Total
Nova Scotia	$ 9,519,446.00	$ 13,358,417.07	$ 14,207,957.82	$ 37,085,820.89
Prince Edward Island	1,618,784.00	2,192,044.00	2,256,477.00	6,067,305.00
New Brunswick	8,112,008.50	11,394,426.02	12,086,891.93	31,593,326.45
Quebec	57,962,066.56	82,389,966.72	87,157,243.46	227,509,276.74
Ontario	49,208,124.09	70,325,914.70	77,328,534.50	196,862,573.29
Manitoba	9,896,231.30	14,007,061.21	14,798,436.82	38,701,729.33
Saskatchewan	13,194,768.00	18,119,791.87	18,561,329.55	49,875,889.42
Alberta	12,262,073.00	17,159,488.00	18,181,662.50	47,603,223.50
British Columbia	10,693,139.00	15,722,045.50	18,012,188.75	44,427,373.25
Northwest Territories and the Yukon	165,506.53	471,376.50	574,470.00	1,211,353.03
	$172,632,146.98	$245,140,531.59	$263,165,192.33	$680,937,870.90

Mr. FLEMING: There are two other questions.

The DEPUTY CHAIRMAN: Order.

Mr. FLEMING: Might I just get this on the record, Mr. Chairman? It may save some time later on. I asked the minister if he would give the total expenditures last year on travelling expenses on all items. Can he please give us that?

Mr. MARTIN: Yes. The figure is $448,766.06, plus commitments in the amount of $34,918.35. With regard to this, may I say that I believe the way for our officials to help in the co-ordination of national health is not to stick at their desks in Ottawa, but to get out in the field as frequenly as possible.

Mr. FLEMING: The other question was as to the actual expenditures on the items. The minister indicated to me that he preferred not to give that information in advance.

Mr. MARTIN: I will deal with the matter item by item, as we did last year.

Mr. FLEMING: That will take a great deal of time.

Mr. MARTIN: I think it is the most satisfactory way by which to deal with the matter.

Mr. FLEMING: I venture to disagree with the minister. It means that we must ask the question on every item. If the minister will put the figures on the record, it will save a great deal of time which will be taken in asking questions.

Mr. MARTIN: As we come to each item, I shall be glad to give that information without being prompted.

Mr. FLEMING: Very well. Will the minister give the total?

Mr. MARTIN: I will give my hon. friend anything he asks for.

Mr. FLEMING: Will he give us the total of expenses now?

Mr. MARTIN: When we come to each item I shall be glad to give the information on it.

Mr. FLEMING: The minister is talking about giving it on each item.

Mr. MARTIN: Yes.

Mr. FLEMING: I am talking about giving the total now.

Mr. MARTIN: I shall be glad to give the information with regard to each item as we come to it. My hon. friend and I had the same argument last year. I intend to give him the information he wants, but not in the form in which he wants it, because I do not think it is the most practical way of doing it.

[Mr. Martin.]

Mr. FLEMING: When shall we get the total of expenditures, not the figures segregated into items?

Mr. MARTIN: After the last item.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MacNICOL: What will be the business on Monday?

Mr. FOURNIER (Hull): If the Minister of Finance is here, we shall consider the two resolutions standing in his name, the one concerning the Tariff Board Act and the other to authorize the Canadian National Railways to issue securities to meet capital expenditures or capital indebtedness. Then we shall proceed with the following bills: No. 334, to amend the Land Titles Act; No. 340, respecting the supplying of electrical power in the Northwest Territories; No. 341, to amend the Yukon Act; No. 337, to amend the criminal code.

When these have been considered we shall move to go into supply, and call one new department. Then we shall proceed with the estimates of the Department of National Health and Welfare, Trade and Commerce, Reconstruction and Supply; but I cannot say in which order we shall take these different matters.

Mr. KNOWLES: Does the minister mean merely that he does not know in what order the departments in supply will be taken, but that the other matters will be taken in the order indicated?

Mr. FOURNIER (Hull): I am not sure whether we can proceed first with the resolutions or the bills. Three bills are in the name of the Minister of Mines and Resources, and one is in the name of the Minister of Justice. I cannot say exactly the order in which they will be taken. However we shall try to take them some time during the day.

Mr. ADAMSON: Which new department will be taken?

Mr. FOURNIER (Hull): The Prime Minister's office.

It being five minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

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

DEPARTMENT OF TRADE AND COMMERCE

Foreign trade services—

441. Commercial relations and foreign tariffs division, including contribution of $2,800 to International Customs Tariffs Bureau, $102,513.

442. Export division, $197,564.

443. Import division, including contributions as detailed in the estimates, $132,084.

444. Industrial Development Division, $27,863.

445. Trade commissioner service, including payment of compensation to trade commissioners for loss of furniture and effects, under regulations approved by the governor in council, $1,999,571.

446. Trade publicity and advertising in Canada and abroad, $303,308.

447. Exhibitions, including a contribution of $1,000 to the international bureau of Exhibitions and, subject to regulations to be approved by the governor in council, to authorize *pro rata* refunds to be made to lessees of space at the Canadian International Trade Fair of rentals monies received from such lessees determined to be in excess of the expenses incurred by Canada in promoting the Canadian International Trade Fair, such refunds to be made from the revenue received, $647,401.

Standards division—

448. Administration, $81,869.

449. Electricity and gas inspection services, including administration of the Electricity and Fluid Exportation Act, $452,733.

450. Laboratory, $33,606.

451. Precious Metals Marking Act, $18,560.

452. Weights and measures inspection services, $515,837.

Dominion Bureau of Statistics—

453. Administration, $204,887.

454. Statistics, including contribution of $2,474 to the Inter-American Statistical Institute, $2,548,973.

455. Census of population, $591,411.

Wheat and grain division—

456. Salaries and other expenses, $41,737.

Canada Grain Act—

457. Administration, $112,129.

458. Operation and maintenance, including inspection, weighing, registration, etc., $1,997,864.

459. Canadian government elevators, including equipment, $727,049.

460. Canadian government travel bureau, to assist in promoting the tourist business in Canada, $1,038,046.

DEPARTMENT OF TRANSPORT

520. Issue of radio receiving licences—(Transport Department only), $571,439.

521. Director of merchant seamen, $19,500.

522. Acquisition of properties in Canada for U.S. authorities, $5,000.

Marine service—

523. Nautical service, $71,300.

Railway and steamship service—

524. Degaussing of vessels, $5,000.

525. Steep Rock mines—construction, $256,900.

526. Steep Rock mines—subsidy, $240,000.

Air service—

(Control and supervision vested in the Minister of Reconstruction and Supply by order in council P.C. 529 of 10th February, 1948)

Civil aviation division—airways and airports—

527. Operation and maintenance of municipal and other airports, $448,557.

528. Care, operation and maintenance of Royal Canadian Air Force airfields transferred to the Department of Transport, $433,500.

529. North East (Crimson) staging route—maintenance of airfields, $23,589.

Northwest communication system—

530. Additions and betterments, including transport equipment—capital, $513,780.

531. To provide for the difference between the expenditures for operations and maintenance and revenue accruing from operations during the year ending March 31, 1949, not exceeding, $728,412.

GOVERNMENT-OWNED ENTERPRISES

National Harbours Board—

556. Advances to National Harbours Board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1948 on any or all of the following accounts:—

(a) Retirement of maturing debentures—Saint John, $282,900.

(b) Reconstruction and capital expenditures—Halifax, $2,605,775; Saint John, $2,000.000; Quebec, $122,200; Churchill, $50,000; generally unforeseen and miscellaneous, $200,000; total, $4,977,975.

Less amount to be expended from replacement funds, $426,000—$4,551,975.

Deficits—Transport—

557. Amount required to provide for the payment during the fiscal year 1948-49 to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport, made from time to time by the national company to the Minister of Finance and to be applied by the national company in payment of the deficit (certified by the auditors of the national company) in the operation of the Prince Edward Island car ferry and terminals arising in the calendar year 1948, $904,000.

National Harbours Board—

558. To provide for payment to National Harbours Board, of the amount hereinafter set forth, to be applied in payment of the deficit (exclusive of interest on dominion government advances and depreciation on capital structures) arising in the calendar year 1948, in the operation of the Churchill harbour, $94,000.

559. Advances to National Harbours Board with interest at a rate to be fixed by the governor in council for such period and upon such terms and conditions as the governor in council may determine, to be applied in payment of deficits resulting from the operations of the Jacques Cartier bridge, $303,810.

Loans and investments—

560. Advances to National Harbours Board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1948 on any or all of the following accounts: reconstruction and capital expenditures—Montreal, $853,105; Vancouver, $115,000; total, $968,105.

Less amount to be expended from replacement funds, $100,228; total, $867,877.

HOUSE OF COMMONS

Monday, June 14, 1948

The house met at eleven o'clock.

LORD'S DAY ACT

AMENDMENTS AS TO LEAVE TO PROSECUTE—REPEAL OF ONTARIO PRE-CONFEDERATION STATUTE

Right Hon. J. L. ILSLEY (Minister of Justice) moved for leave to introduce Bill No. 344, to amend the Lord's Day Act.

Some hon. MEMBERS: Explain.

Mr. ILSLEY: Mr. Speaker, this bill consists of two sections only. The first section provides that the consent for prosecution may be given, not only by the attorney general but by the deputy attorney general. The second section provides for the repeal of Ontario's pre-confederation statute respecting the observance of the Lord's Day, thereby placing the matter in Ontario entirely under the Lord's Day Act.

Mr. CHURCH: Is this a transfer to the provinces of the jurisdiction under the Lord's Day Act?

Mr. ILSLEY: It is just the reverse so far as Ontario is concerned.

Mr. CHURCH: In the past, the enforcement of this act has always been a matter for the provinces.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

OCCUPATIONAL DISEASES

Mr. BAKER:

1. What is being done by the Department of National Health and Welfare in combating occupational diseases such as silicosis among Canadian industrial workers?

2. Is any educational work being done to raise the level of industrial health in Canada?

Mr. MAYBANK:

1. The industrial health division of the Department of National Health and Welfare is co-operating with the departments of health of the provinces of Nova Scotia and Alberta in specific studies of silicosis, lead poisoning and carbon monoxide poisoning as these diseases occur in the groups of establishments surveyed. The federal department has assigned specially trained personnel and has carried out field and laboratory estimations on the air contamination responsible for the diseases under study. This co-ordination of federal and provincial facilities has already resulted in one province creating a permanent industrial health agency.

During the past year, the industrial health division provided information to various industries and provincial governments in regard to the following matters: expansion of the occupational disease schedule under workmen's compensation acts, effectiveness of ultra-violet light and glycol sprays in the control of airborne infections, assessment and control of carbon tetrachloride hazard, the control of dermatitis in several industrial processes, and the status of ozone in the control of carbon monoxide poisoning.

In co-operation with the industrial hygiene division of Ontario, the division has just completed the preparation of a manual on the diagnosis of occupational diseases which will serve as a reference guide for general medical practitioners.

2. Yes. During the past year, the division distributed to industry over 150,000 posters and pamphlets dealing with various aspects of industrial health. The usefulness and practical nature of the division's educational material is demonstrated by the fact that industries across Canada have requested over 25,000 copies of the recently issued pamphlet "Skin Diseases in Industry". The division also issues a monthly industrial health bulletin to 25,000 English and 10,000 French industrial subscribers. The interest in this bulletin has been considerable, and increasing requests for copies are being received from Canadian firms as well as from many foreign countries.

PUGWASH, N.S., HARBOUR—DREDGING

Mr. BLACK (Cumberland):

What has been the yearly and total expenditures for dredging the entrance to and the harbour of the port of Pugwash, Nova Scotia, since confederation, not including wharf construction?

Mr. FOURNIER (Hull): No record of any expenditure for dredging entrance to and the harbour of the port of Pugwash, N.S., since confederation.

COST OF PRESENT SESSION OF PARLIAMENT

Mr. CARDIFF:

Not including members' salaries, what was the total cost of this session of parliament from December 5, 1947 to January 25, 1948, inclusive?

Mr. BELZILE:

House of Commons	$102,030.54
Senate	16,565.98
	$118,596.52

This amount includes cost of sessional staff, printing and travelling expenses for Christmas recess, but does not include salaries for permanent and continuous temporary staff employed the year round.

INDIANS—SASKATCHEWAN—MEDICAL SERVICES

Mr. MUTCH:

What steps have been taken to improve the medical services for Indians in northern Saskatchewan?

Mr. MAYBANK:

Prince Albert—A health unit has been established at Prince Albert which is supplying health services to approximately 3,000 Indians. It is staffed by a surgeon, a medical doctor and a public health nurse.

Lac la Ronge—A nursing station will be in operation at Lac la Ronge very shortly. A residence has been purchased by the directorate of Indian health services from the Anglican mission and renovated to accommodate six patients and necessary staff. It will supply emergency and nursing services and the usual dispensing and public health services to the area around Lac la Ronge, including Fort Stanley.

Arrangements have been made with the Saskatchewan department of health whereby, in certain remote areas where the non-Indian or half-breed population is substantial, nursing stations are being built by the province at which Indians will be cared for. A reciprocal arrangement is being put into effect at Lac la Ronge whereby the directorate of Indian health services will give to the extent possible necessary health services to the non-Indian population there. This eliminates duplication. A doctor from the Prince Albert health unit is making regular trips to Lac la Ronge, which is about two hundred miles north of Prince Albert.

North Battleford—The former R.C.A.F. hospital at North Battleford and several other buildings have been acquired by the directorate of Indian health services. The renovation of the building is complete and it will be ready for the admission of patients this summer. Capacity—about 60 patients. A public health nurse will be included in the establishment of this hospital, who will be responsible for visiting reserves in the area.

Onion Lake area—The Indian affairs branch of the Department of Mines and Resources has agreed to transfer to the directorate of Indian health services of the Department of National Health and Welfare the Indian agent's house in the Onion Lake area for use as a nursing station. The necessary alterations will be proceeded with within the next few months and an arrangement similar to that in effect at Lac la Ronge will be made. The nursing station will accommodate about four patients, a public health nurse and necessary staff.

EMBARGO ON CANADIAN CATTLE TO UNITED STATES

Mr. CHURCH:

1. Has any action been taken as announced by the Minister of Agriculture last week in south Ontario that the cattle embargo is soon to be removed to allow Canadian cattle to enter the United States?

2. If so, will such action increase the cost of meat to citizens for home consumption in Canada?

3. Has any action been taken by order in council?

Mr. McCUBBIN:

1. No action yet taken.

2 and 3. Answered by No. 1.

*RAILWAYS AND SHIPPING COMMITTEE

Mr. HAZEN:

When does the chairman of the standing committee on railways and shipping, owned, operated and controlled by the government, intend to present the report of the committee to the house?

Mr. CHEVRIER: Perhaps I can reply to this orally. I have been in communication with the chairman of the standing committee on railways and shipping, and he assures me that the report is now in the course of preparation and should be ready soon.

AMMONIUM NITRATE

Mr. HATFIELD:

1. What quantity of ammonium nitrate was exported from Canada and to what countries for the period from January 1, 1947, up to and including April 1, 1948?

2. What was the value per ton of the above exports?

Mr. McILRAITH: Mr. Speaker, it is not possible to get the information asked for in this question, because ammonium nitrate is not classified separately in external trade statistics.

Mr. SPEAKER: Dropped.

Mr. LENNARD: Stand.

An hon. MEMBER: Answered.

QUESTION PASSED AS ORDER FOR RETURN

HOUSING—ONTARIO

Mr. BENIDICKSON:

1. By years and municipalities, how many wartime houses have been constructed in Ontario and what has been the outlay of the federal government on each project?

2. By municipalities, how many houses are under construction in Ontario by Wartime Housing Limited?

Mr. McILRAITH: Return tabled.

MOTION FOR PAPERS

MCCANN COMMISSION

Mr. LOW:

For a copy of the evidence and proceedings of the McCann commission, appointed under the authority of P.C. 4980.

Mr. GREGG: It is not possible to comply with this order, because the interviews held by the McCann commission with witnesses took the form of discussions rather than formal evidence and no written record was maintained. The witnesses were not sworn, and as a result they gave evidence over and above that which would have been required had they been informed that they were proceeding on a formal basis under oath. Some of the discussions at Vancouver were recorded on sound recording discs in order to assist the commissioner in writing his report on that phase of the hearing.

The report of the McCann commission was tabled in the House of Commons on March 9, 1948, and it set forth the number of commission sittings, inspections and observations, a list of the cases considered, a list of the persons interviewed and the commission's findings.

I ask the hon. member to withdraw his motion.

Mr. LOW: There are a number of important cases which my colleagues, the hon. member for Lethbridge (Mr. Blackmore) and the hon. member for Acadia (Mr. Quelch), have been attempting to place before the house. In order to do that as they wish to do it, they would have to have the relevant parts of the evidence taken by the McCann commission. I would ask the minister to reconsider his decision and see if it would not be possible to give us a transcription of the relevant parts of the evidence taken by that commission. We feel that that should be before the house.

Mr. POULIOT: If the present Minister of Veterans Affairs had been in charge of the department at the time, that commission would not have been necessary. It is because of what was said by the minister, what was said falsely by the previous minister of veterans affairs—

Some hon. MEMBERS: Order.

Mr. POULIOT: —that the commission was made necessary.

Mr. GREGG: I wanted to give the explanation I have given to make it clear that the evidence was not written and preserved. I shall look into the matter further and comply with the request as far as it is possible.

Mr. LOW: Thank you very much.

Mr. SPEAKER: Motion as amended agreed to.

TRANSPORT BOARD

JUDGE OF EXCHEQUER COURT TO BE CHIEF COMMISSIONER

Right Hon. J. L. ILSLEY (Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to amend the Railway Act, the Exchequer Court Act and the Judges Act, 1946, to authorize a judge of the Exchequer Court of Canada to hold the office of chief commissioner of the Board of Transport Commissioners for Canada at a salary of fifteen thousand dollars per annum less any salary received by him as a judge of the exchequer court; and to provide further that the exchequer court shall consist of the president and four puisne judges (in lieu of three), the salary of the puisne judges being twelve thousand dollars per annum.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

REVISED STATUTES

PROVISION FOR COMMISSION TO EFFECT REVISION

Right Hon. J. L. ILSLEY (Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure respecting the Revised Statutes of Canada, to thereby establish a commission to effect such revision and to authorize remuneration to be paid the members of the commission, assistants, officers, clerks and employees.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, may I ask whether it will be a commission of judges, and how long the revision is expected to take?

Mr. ILSLEY: That question should be left for discussion on the bill.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

REQUEST FOR INQUIRY INTO ACCIDENT IN TORONTO

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I would call the attention of the government to a serious accident which occurred in my constituency yesterday morning, Sunday the 13th, about 9.15 o'clock, when an eighty-two car westbound freight train pulled by two diesel engines collided with a twenty-four car freight train with steam locomotive, and two livestock cars were hurled into the back yard of Doctor Hastings, 791 Queen street east, tearing hydroelectric overhead structures, poles and wires. A brakeman was killed. Four cars contained animals, which roamed around, and a women was gored by a mad bull. Had this accident happened a few seconds before, these freight cars would have been hurled into the subway where crowded streetcars pass, and where church services were being held a hundred feet away at Woodgreen United Church.

My question is this. Under the Railway Act will the government request the board of transport commissioners, who are to meet in Toronto a week from tomorrow, on Tuesday the 22nd instant, to hold an inquiry (a) into this terrible disaster and the causes of it, and the need for increased safety precautions at this place; (b) into the reopening of the Riverdale station of the Canadian National Railways; and (c) into the whole railway signal system in this section of Toronto, together with an inspection of the viaduct at this site in ward 1, as to its structure and the desirability of slowing the speed of trains using the Toronto viaduct.

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Speaker, it is the practice of the board of transport commissioners, when a serious accident of this kind takes place, to hold first of all a preliminary investigation, which I presume they are doing now. Upon the report of that investigation they decide whether or not there should be a formal inquiry, and I presume, from what I know and have read of the accident, that there will be a formal investigation. I shall ask the board of transport commissioners to give consideration to the request of my hon. friend. There is no doubt that the request in the first part of my hon. friend's question will be met. His other two requests go somewhat beyond the scope of a board investigation, but I shall be glad to discuss the matter with the board.

COST OF LIVING

INQUIRY AS TO GOVERNMENTAL ACTION

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, may I address a question to the Minister of Finance? It is brief and to the point, and can be answered by yes or no. Does the government intend to take any action to curb the still rising cost of living?

Hon. DOUGLAS ABBOTT (Minister of Finance): It is possible that the question could be answered by yes or no, Mr. Speaker, but it is not going to be answered in that way. My answer is that I have nothing to add to what I have said on previous occasions, particularly when the whole question of rising costs was discussed. The government is not going to establish an over-all price ceiling policy or an over-all control of wages. As I said in my budget speech, it has neither the constitutional power nor an electoral mandate to do so.

Mr. KNOWLES: In other words, the answer is no.

Mr. ABBOTT: No, it is not.

Mr. FLEMING: I should like to direct a question to the Minister of Finance arising out of an answer he gave a moment or two ago. Will the government welcome a report from the prices committee this session, and will it provide an opportunity for a discussion of such before the conclusion of the session?

Mr. ABBOTT: I am afraid, Mr. Speaker, that that is not a question that should be directed to me; it should be directed to the leader of the government.

An hon. MEMBER: Where is he?

Mr. IRVINE: I should like to ask another supplementary question. The minister, in answer to the hon. member for Winnipeg North Centre (Mr. Knowles), said that the government had no intention of going back to price control.

Mr. ABBOTT: Over-all wage and price control.

Mr. IRVINE: Will the minister kindly state to what the government proposes to go forward?

Mr. ABBOTT: What is my hon. friend's question? In my answer I went on to say

that the dominion government had neither the constitutional power nor the parliamentary mandate to impose over-all wage and price control. That is perfectly clear. The National Emergency Transitional Powers Act has been extended to March 31. The government's position was made perfectly clear. It was made clear before the 1945 election. Whether or not the country sees fit to approve the constitutional amendment is another matter. They have turned it down in Australia.

Mr. KNOWLES: But the wartime prices and trade board is still in existence and could restore price controls.

Mr. IRVINE: I think the minister misunderstood my question. I did not wish to inquire as to the constitutional attitude. What I wanted to know was this. Since there is a constitution, and since the government cannot go back, and has no intention of going back, to what is it going forward? What is the program?

Mr. SPEAKER: The question the hon. member has put to the government is not one which should be asked on the orders of the day.

Mr. FLEMING: The Minister of Finance indicated that my question should be directed to the leader of the government. I presume the Minister of Justice (Mr. Ilsley) is acting as leader of the government; therefore I should like to direct my question to him. Will the government welcome a report from the prices committee, and if so, will it provide ample time for a discussion of such report before the conclusion of the present session of parliament?

Mr. ILSLEY: I will bring my hon. friend's question to the attention of the leader of the government.

RADIO BROADCASTING

INQUIRY AS TO PURCHASE OF FORD HOTEL BUILDING, MONTREAL

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I wish to direct a question to the Minister of National Revenue. It is another brief question which can be answered by yes or no. Is the C.B.C. now taking over or about to take over the Ford hotel building in Montreal for occupancy purposes?

Hon. J. J. McCANN (Minister of National Revenue): Mr. Speaker, it is not a question that can be answered by yes or no, but I shall be glad to state the present position. The government propose, and have already entered into negotiations to that end, to purchase by agreement of sale the Ford hotel for the international short-wave service of the Canadian Broadcasting Corporation. Negotiations are being carried on by the C.B.C., and when the deal goes through, the corporation will become the tenants of the building.

Mr. DIEFENBAKER: If I may ask a further question, has the price been determined upon, and if so, what is it?

Mr. McCANN: Yes, Mr. Speaker. Although the agreement has not been consummated, the offer which has been made by the Canadian Broadcasting Corporation on behalf of the crown for the purchase of the Ford hotel is $2,050,000.

Mr. MACDONNELL (Muskoka-Ontario): If I may ask a supplementary question, has the government given full consideration to the very strong feelings in various quarters in Montreal against this proceeding?

Mr. McCANN: Every consideration has been given to that. There has been no such great protest as has been indicated by my hon. friend that we know of.

LABOUR CONDITIONS

SEAMEN'S STRIKE ON INLAND WATERS

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I wish to direct a question to the Minister of Labour. Is he prepared to make a report on the strike of seamen on certain steamships on inland waters in Canada, with particular reference to the basic cause of this strike?

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I do not know that I can make a report. I think my hon. friend knows the basic cause. It is a jurisdictional scrap, to begin with.

Mr. MacINNIS: No.

Mr. MITCHELL: I know whereof I speak.

Mr. MacINNIS: I know what the commissioner reported.

Mr. MITCHELL: I know whereof I speak. Second, the position is taken by some of the companies that they will not deal with an organization led by communists. There are three parties in this dispute: Pat Sullivan, who used to be a communist, and then there is the other organization which is admittedly communist-led; and according to this morning's papers the American Federation of Labor is coming into the picture. I know

something about the tactics of these people. We have just had a provincial election, and is it not passing strange that the only political meetings that it was attempted to break up were Progressive Conservative and Liberal meetings? I would say this to my hon. friend, that people who talk so much about freedom of speech and the right to express their opinions are the very first to deny that freedom to other people.

TOURIST INDUSTRY

QUESTIONING OF UNITED STATES CITIZENS AS TO EXPENDITURES DURING VISITS TO CANADA

On the orders of the day:

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, I have a question to ask which I think should properly be addressed to the Minister of National Revenue. Is it a fact that Canadian officials at the border are instructed to question United States tourist returning to their own country, and to ask them how much money they have spent in Canada and what kind of money it has been? If that is the practice, does the minister consider it wise?

Hon. J. J. McCANN (Minister of National Revenue): I know of no such instructions at the present time, but if it were the practice I would see no great objection to it.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister give definite information later as to whether or not it is the practice?

Mr. McCANN: I will find out whether or not it is the practice. If it is the practice it is for the purpose of securing statistics with reference to the tourist trade.

Mr. JACKMAN: Bad business!

COARSE GRAINS

REMOVAL OF PRICE CEILINGS—QUESTION AS TO ADDITIONAL PAYMENTS TO FARMERS

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I wish to direct a question to the Minister of Trade and Commerce. In view of the fact that the session is almost over, is he in a position to say whether or not legislation will be introduced to provide that farmers who disposed of coarse grains prior to the removal of price ceilings last October 21 shall receive payments in addition to the adjustments made by elevator companies and purchasers?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): The matter is still under consideration. I hope to make an announcement before the session is closed.

Mr. DIEFENBAKER: The reason I ask the question is that the Minister of Agriculture (Mr. Gardiner) has announced out in Saskatchewan—outside of parliament—that something is forthcoming. I thought the minister might be in a position to confirm the statement of the Minister of Agriculture.

CATTLE

EMBARGO ON SHIPMENT TO THE UNITED STATES

On the orders of the day:

Mr. DONALD M. FLEMING (Eglinton): In view of reports appearing in the press, will the Minister of Finance or the Acting Minister of Agriculture indicate to the house whether the government has arrived at a policy with respect to the removal of the embargo on cattle shipments to the United States?

Mr. MARTIN: It was discussed here two weeks ago.

Mr. FLEMING: It concerns the consumers who are paying high prices for beef.

Hon. DOUGLAS ABBOTT (Minister of Finance): This is a matter which does not concern the Department of Finance.

Mr. FLEMING: I directed my question either to the Minister of Finance or to the acting Minister of Agriculture. The Minister of Finance has indicated that it does not come within his department; therefore I direct my question to the acting Minister of Agriculture, whoever he may be.

Mr. ABBOTT: He is not in the house, but I will see that the question is brought to his attention.

TARIFF BOARD ACT

AMENDMENT WITH RESPECT TO TENURE OF OFFICE, APPOINTMENT, ETC.

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee to consider the following resolution:

Resolved, that it is expedient to present a bill to amend the Tariff Board Act in respect to the tenure of office of and appointment of members of the tariff board to serve in a temporary capacity; to bring the staff of the board under the Civil Service Act and the Civil Service Superannuation Act; to repeal obsolete provisions; and to increase the salary of the chairman of the board from twelve thousand to fifteen thousand dollars annually.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. POULIOT: Mr. Chairman, this resolution is of great importance, because for a

long time the only difference between the Liberal party and the then Conservative party was the tariff question. I remember the time when Mr. Bennett rose in glory to say that with a higher tariff the price of butter would be higher. He imposed this high tariff and the price of butter fell down to rock bottom of seventeen cents. When he first enunciated that policy I was sitting in the part of the house where the hon. member for Macleod is, and I rose to say "on division." I was the only one of the Liberal party who protested against this high tariff policy, because I was not impressed by Mr. Bennett's victory. I knew that he would not be longer in office than the time prescribed by the constitution.

Later Mr. Bennett established this tariff board, consisting of three men of his choice. They stayed in office the whole time the Liberal party was in power, until the war—all Tories making up the Liberal policy, being the advisers of the government on tariff policy. One or two of them are still there; one has been promoted to the office of minister to Cuba. I cannot understand, sir, how it is that Tories are making up Liberal tariff policy as advisers to the government. I want them to be fired. One is now gone. I do not know where the second one is; the third is still there. We are asked to raise his salary from $12,000 to $15,000 a year. They are wizards. I remember the time when we had new tariff rates with the United States after the election of 1936. It was done in a very short time. These people do not seem to realize how important it is to be careful about changing any tariff item. If the tariff is to work clocklike, one must not forget a single wheel in the mechanism. It takes a long time to make adjustments. The tariff may be a dangerous weapon. It was used by President Hoover when he came to power, and it had a disastrous effect on American trade.

We cannot be too careful, and I cannot conceive how it was that there was a complete change in the tariff with the United States immediately after this party came to power. Just a few months after the election of 1935 we had a new tariff made by these experts—Tory experts—to change trade conditions in relation to the United States; to improve them. In one sense it was a good thing, because it showed that Canada was willing to trade with the United States and with all countries of the world. In that theoretical sense the tariff may have been acceptable, but it is so delicate a matter, and so difficult to size up the importance of each item, that I cannot conceive how those experts could produce it with a snap of the finger.

They are still there, still enjoying the confidence of the department, and making new tariffs. We have the tariff board, and they are supreme. When they decide something, it is most difficult to have it changed. What can they do with the multilateral agreements that we have with all the countries of the world? What did they do when they were at Geneva? What did they do in Havana? What did they do about the 800 amendments that were submitted in connection with the multilateral pact at Geneva?

This is an important question. We should not say yes to an increase in the salaries of these experts until we know more about the kind of work they are doing. I want to know also whether their advice is accepted freely by the cabinet, or with a grain of salt. These men who sit behind desks in their offices and look at the statistics compiled by other bureaucrats have not the knowledge of trade that some captains of industry have, and at times they ruin Canadian trade.

Why is it impossible to get some of the material that we should have from other countries? My idea is that Canada should not be tied up to agreements that may profitably affect other countries. We should make our own agreements with each one of the other countries, so that we may get from other countries the things that are not produced here. There should be an exchange in accordance with the intentions of Providence, which has given to this world different climates and different compositions of soil in order that people throughout the world should be able to trade together.

This is one of the most important questions we have before us. I would ask the leader of the opposition this question: What is the difference between the program of his party and the program of the Liberal party concerning the tariff? Will he tell me that if his party comes into power he will fire the present staff of the tariff board? I put the same question to the C.C.F. members. I put the same question to the members of the Social Credit group.

We should have reform, and it should start now. We should not wait until after the Liberal convention to have promise of reform. We should have it now, and I do not believe that Canadian trade should be kept in a strait jacket by the tariff board, by men who have no actual knowledge of that trade, men who ruined the trade of Canada in the years of Bennett and who have been a handicap to Canadian trade since they have been there. Personally I have nothing against them; they may be good citizens; but I believe that too much power is vested in them. I do not see

why they should have supreme authority over tariff matters, which formed the only line of division between the two old parties before there were new parties in Canada.

I remember reading the speeches of Sir Richard Cartwright and Sir George Foster when they discussed trade matters. The Tory party was a protectionist party; the Liberal party was a free trade party. But at the time the policies were made they were made by the party itself. The Conservative party, alias Tory party, had chosen to make its own policies; the Liberal party had its own policies as to trade. We must deal with efficiency and friendliness with other nations, but we must make our own separate trade agreements, and those trade agreements should be discussed by the party itself before they are decided by these supreme wizards.

Mr. HARRIS (Danforth): Does the minister propose to make a statement at this stage?

Mr. ABBOTT: The bill which will be founded on the resolution is neither long nor complicated. It provides for certain amendments to the Tariff Board Act of 1931 that are desirable before steps are taken to reconstitute the board which, owing to unavoidable circumstances, is at present unable to carry out its duties.

There is only one member, the chairman, Mr. Hector B. McKinnon. The original board, appointed in 1933, consisted of the Hon. G. H. Sedgewick, chairman, Mr. M. N. Campbell, vice-chairman; and Mr. C. P. Hebert. On Mr. Sedgewick's death, Mr. H. B. McKinnon, who had previously been commissioner of tariff, was appointed chairman. In 1943, the ten-year term of Messrs. Campbell and Hebert expired. The former retired that year on pension, and the latter, whose pension rights had accrued, was on overseas service and has since entered the diplomatic service of Canada.

There are a number of appeals from decisions of various administrative authorities which have been awaiting hearing for some months, and it is important that the legislation be proceeded with at this session. Certain of the proposed amendments are consequential on other legislation approved at the last session.

As hon. members are aware, the act of 1931 laid upon the tariff board two main duties; first, to conduct inquiries in respect of tariff problems specifically referred to it by the Minister of Finance and to report thereon to him and to parliament; and second, to replace the then existing board of customs, which was a departmental body, as a board of appeal from decisions of the administrative authorities in respect of the provisions of the Customs Act, the Excise Tax Act, and the Excise Act.

During the war, there were no references by the minister on tariff matters. Since the war, tariff negotiations on an international basis have fully occupied the time of the sole member of the board. But in the second sphere of the board's duties, that of a court of appeal from rulings of the administrative authorities, appeals have continued to be lodged which cannot be heard because, in respect of this section of the act, one member does not constitute a quorum, nor does the act provide for the creation of temporary members except in the case of incapacity of existing members.

There are now awaiting hearing ten or twelve appeals by Canadian interests, and the Minister of National Revenue is as anxious to see these disposed of by the board as are the appellants themselves. The house will recall that under Bill No. 229, which is still under discussion, much wider facility for appeal to the tariff board is being granted under the provisions of the Customs Act, with provision for further appeal either by the public or by the departments, to the exchequer court, and, indeed, to the Supreme Court of Canada.

For the information of members, I might state that it is most unusual for a decision of the tariff board to be further appealed, even though in the past there has been limited provision for appeal in respect of rulings under various sections of the Customs Act. The hearings of the board in these matters are open to the public; they lack the formality of court proceedings; they are participated in by men, whether government officials or otherwise, who have a practical knowledge of the subject matter and whose sole objective is the ascertainment of fact; they entail no cost whatsoever to any litigant, and within my memory at least there has never been a suggestion as to further appeal. However, as I stated a moment ago, the Minister of National Revenue is now making specific provision, in both the Customs Act and the Excise Tax Act, for appeal to the courts from decisions of the tariff board, having in mind the greatly widened area of appeal to the tariff board which others of his proposals will make possible.

I suppose it would be more appropriate for me to outline when we come to second reading the provisions of the bill which will be founded on this resolution. As I say, they are comparatively simple.

Mr. POULIOT: Mr. McKinnon was a Bennett appointee, was he not?

Mr. ABBOTT: He was a civil servant. I understand he had been a newspaperman on the old Toronto *Globe*. He was appointed commissioner of tariffs, and in 1940 when he was commissioner of tariffs he was appointed chairman of the tariff board. He functioned, of course, during the war as chairman of the Commodity Prices Stabilization Corporation, and I should say that the greater part of his time was devoted to that function, since the tariff board was comparatively inactive.

Mr. POULIOT: He was appointed secretary of the tariff board by Mr. Bennett.

Mr. GOLDING: Not McKinnon.

Mr. POULIOT: He was a Bennett appointee. I do not know the job he was appointed to, but he was a Bennett appointee.

Mr. ABBOTT: I could not say for sure.

Mr. CHURCH: This is the third board within a week concerning which the government has introduced legislation. The resolution has to do with the organization, functions and powers of the board under the Tariff Board Act, and many other matters, such as increases of salary and repeal of obsolete provisions. The chairman of the board, Mr. McKinnon, is a good man, but the board was obsolete from the time of the Geneva meetings last year right down to November when the Geneva pact was announced. The intention is to place the board under the Civil Service Act. If that is done, it simply means that there will be political interference with the functions and powers of the board. I am opposed to the whole way the board has been carrying on. For eight months last year the board ceased to function as such but performed government functions both at Geneva and in Cuba, when some of the officers down there, over the head of parliament, upset the whole economic policy which has been followed in this country since confederation.

I am opposed to the policy of bringing down at this late date, the 105th day of the session, legislation which will result in interference and expense, the amount of which we do not know. As for the civil service commission and the way they are functioning at the present time, they will be the next board with respect to which a bill will be introduced increasing their powers and salaries.

Mr. FLEMING: If the minister would give to the committee, not necessarily a detailed review, but a brief outline of the provisions of the bill, it might save some questions.

Mr. ABBOTT: I shall be glad to do that. Briefly, the provisions of the bill are as follows. First, provision is made that future appointments to the staff of the board shall be made through the civil service commission rather than as heretofore by order in council.

Mr. MACDONNELL (Muskoka-Ontario): Does that include the chairman?

Mr. ABBOTT: That does not include the chairman and the members of the board, no. I am speaking of the staff of the board only. Second, there is provision for the blanketing-in of the board's present employees, some ten in number, as civil servants. That is a necessary provision and consequential upon the first one. Third, provision is made, under prescribed circumstances, for the appointment of temporary members of the board, to meet situations created by absence or illness. It has been found inconvenient in recent months that it was not possible to make a temporary appointment in the case of illness or absence. Fourth, provision is made for cancellation for the future of the non-contributory pension provision for members of the board. It has been put on a contributory basis. Originally the act provided for payment of a non-contributory pension, which I think most members of the committee will agree is not a desirable general principle. Finally, provision is made for the restoration of the salary of the chairman of the board to the amount fixed in the act at the time of its adoption.

Those are the main provisions. The detailed discussion we could have when the bill is before the committee. As hon. members will see it, it is a comparatively simple bill.

Mr. FLEMING: These appointments to meet a temporary situation, I presume, are to be simply *ad hoc* appointments for designated purposes?

Mr. ABBOTT: That is right.

Mr. FLEMING: Is it the intention that existing vacancies on the board shall be filled?

Mr. ABBOTT: Yes. It is the intention that at the earliest possible day the board will be reconstituted with three members as provided by the statute.

Mr. FLEMING: There is no change at all in the present powers or functions of the board?

Mr. ABBOTT: No.

Mr. HARRIS (Danforth): I should not like the committee to proceed from the resolution stage without saying a word or two concerning the remarks made by the hon. member for Temiscouata. I think perhaps he knows, as do the rest of hon. members in this chamber, that those who have served on this necessary institution in our economy, the tariff board, are recognized, not only in Canada and Washington but the world over, as most outstanding men in their particular line of work and outstanding civil servants.

The men who have had charge of tariff legislation for Canada are recognized everywhere as eminent and capable officers of that particular department. When the hon. member for Temiscouata rises in his place and says they should be fired, and when he talks about their being Tory appointments and what not, I say to him, with all due respect for his seniority rights in this chamber, that he is not stating facts. I am sorry that he should feel disposed to malign those who have served so faithfully and who are recognized throughout the whole commercial world as some of the most outstanding, impartial and capable servants of Canada in this difficult field of tariff legislation.

Mr. CHURCH: One of the functions of the board was to promote trade. Now the whole policy is to be changed. A week ago a bill was brought in with respect to another board, namely, the railway board. One of the duties of this board while over at Geneva was to promote preferential trade. They did not do that. In fact, all empire trade under that board has been practically abolished at a time when empire trade means more to the empire and the world than it ever meant before.

Mr. ABBOTT: I do not know whether I made it clear that no changes are to be made in the powers and duties of the board. It is probably not necessary for me to say in this committee anything about the outstanding record of public service the present chairman, Mr. Hector McKinnon, rendered both prior to and throughout the war. Since I have been Minister of Finance I have placed the greatest confidence in his knowledge and judgment with regard to tariff matters. I have constantly used the provisions of the Tariff Board Act which say that the Minister of Finance may ask the tariff board to make inquiries. I have asked the chairman of the tariff board to advise me, as Minister of Finance, about tariff matters. I doubt if there is in Canada today a man with wider knowledge of Canadian tariffs than the present chairman of the tariff board. I have no idea as to what his political affiliations may be, or what they formerly were.

Mr. POULIOT: I have a question to ask my genial colleague, the hon. member for Danforth. Did he answer my question on his own behalf or on behalf of the Progressive Conservative party?

Mr. HARRIS (Danforth): Mr. Chairman, I do not think I have to sit and take that, even from the hon. member for Temiscouata. Never yet on my own behalf have I advanced any particular interests, speaking individually; and as a member of the party I am not authorized to speak on behalf of it. I have been here long enough, and I know enough about the matter now under consideration, at least to get up and to make some observations in which I have repudiated some of the remarks of the hon. member for Temiscouata.

Mr. POULIOT: If the hon. member had spoken on behalf of his party, I would have asked him to read his power of attorney.

Mr. HARRIS (Danforth): Does the hon. member for Temiscouata speak on behalf of his party?

The CHAIRMAN: Shall I report the resolution?

Mr. FLEMING: I do not wish to prolong the discussion, but I do suggest to the government that the next time it wishes to conduct an inquiry into prices or the reasons for price increases, instead of appointing a parliamentary committee for the purpose, and taking up a lot of time in that committee, and keeping discussions off the floor of the house—

The CHAIRMAN: Order.

Mr. FLEMING: —that it use the provisions of the Tariff Board Act for that purpose. I say that because this act clothes the board with power to do these things. I draw the attention of the committee to sections 4 and 5 of the Tariff Board Act of 1931, chapter 55 of the statutes of that year.

The CHAIRMAN: Order. I doubt if the hon. member's observations are in order at the present moment.

Mr. FLEMING: I am simply drawing the attention of the minister to the powers of the board under the present act, and the provisions set out in the resolution now before the committee. I shall be brief.

The resolution is designed to enlarge the board, and to permit it to function hereafter. The minister has indicated it could not function during the past year.

Mr. ABBOTT: Not for purposes of appeals.

Mr. FLEMING: Because they have not had a quorum available. I am simply drawing the attention of the minister and the committee to some of the powers which are given to the board under sections 4 and 5 of the act. Section 4 states:

4. (1) In respect of goods produced in or imported into Canada the board shall, at the request of the minister, make inquiry as to—

(a) the price and cost of raw materials in Canada and elsewhere, and the cost of transportation thereof from the place of production to the place of use or consumption;

(b) the cost of efficient production in Canada and elsewhere, and what increases or decreases in rates of duty are required to equalize differences in the cost of efficient production; . . .

(d) The prices received by producers, manufacturers, wholesale dealers, retailers and other distributors in Canada and elsewhere;

(e) all conditions and factors which affect or enter into the cost of production and the price to the consumers in Canada;

(f) generally, all the conditions affecting production, manufacture, cost and price in Canada as compared with other countries; and report to the minister.

Under subsection 3 the board may be empowered by the governor in council to hold an inquiry under the customs tariff; and under subsection 4—

The governor in council may empower the board to make any investigation or hold any inquiry authorized by the provisions of the Combines Investigation Act, or of a relative nature,—

Under section 5 of the act the board has full power to summons witnesses, to administer oaths and to conduct hearings and inquiries. I suggest to the minister that any time he wishes to have a further inquiry made into matters such as I have referred to, this would be a useful vehicle, instead of appointing a useless parliamentary committee for the purpose.

Resolution reported, read the second time and concurred in. Mr. Abbott thereupon moved for leave to introduce Bill No. 345, to amend the Tariff Board Act.

Motion agreed to and bill read the first time.

Mr. SPEAKER: When shall the bill be read a second time?

Mr. KNOWLES: Now.

Mr. ABBOTT: Now.

Mr. ABBOTT moved the second reading of the bill.

Motion agreed to and bill read the second time.

Mr. SPEAKER: Mr. Abbott moves that I do leave the chair for the house to resolve itself into committee on said bill.

Mr. BRACKEN: We have not seen this bill. We surely should not be asked to give second reading to a bill we have not seen.

Mr. ABBOTT: It can be done only with unanimous consent of the house. I do not press it at all.

Mr. BRACKEN: I think there is no disposition to hold it up; but I suggest it is bad practice to proceed with second reading of a bill before we have seen the bill.

Mr. SPEAKER: Does the house prefer to have second reading at the next sitting?

Mr. ABBOTT: It is a routine bill. We have had a full discussion.

Mr. POULIOT: If the leader of the opposition agreed with the hon. member for Danforth, he could swallow the bill in a gulp.

Mr. SPEAKER: Then we shall proceed with committee of the whole at the next sitting.

An hon. MEMBER: Second reading?

Mr. SPEAKER: The motion for second reading has been carried.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Mr. GLEASON BELZILE (Parliamentary Assistant to the Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to issue securities not exceeding $85,882,-

200 in principal amount to provide the moneys necessary to meet capital expenditures made or capital indebtedness incurred during the calendar year 1948; to authorize the governor in council to guarantee the principal and interest of securities issued by the company for the purpose aforesaid; to authorize the making of temporary loans to the said company secured by such securities and not exceeding $85,882,200 in principal amount to enable the said company to meet such expenditures and indebtedness; with authority to give financial aid and assistance to other companies of the said national system and to authorize the Minister of Finance to place at the disposal of the national company or the Trans-Canada Air Lines, such amounts as may be necessary to enable them to pay operating and income charges if at any time in any year the available revenues of the national railway system or the Trans-Canada Air Lines and subsidiaries, respectively, are not sufficient to pay such charges: Provided that all such amounts shall be reimbursed to the minister from the recipients' annual revenues in so far as such revenues are sufficient, any insufficiency to be provided for by subsequent deficit appropriation by parliament.

Mr. MACDONNELL (Muskoka-Ontario): Will the parliamentary assistant give a word of explanation?

Mr. BELZILE: Mr. Speaker, the resolution before the house is long but I believe it is clear. By way of explanation I would say that the bill to be based on the resolution is to provide authority for the financing of capital expenditures of the Canadian National Railways, and the retirement of miscellaneous maturing obligations, either by way of loans from the government or by the issue to the public of securities of the company guaranteed by the government.

As stated in the resolution, the total amount to be provided for the purpose is $85,882,200. This amount is to be divided among six different items, of which I can give the details in committee. Those items comprise the capital budget of the Canadian National railway system which was submitted to and considered by the sessional committee on railways and shipping on April 20 of this year.

The procedure to be followed is that the loans and advances will be made according to the bill to be introduced.

Mr. BLACK (Cumberland): I suggest that the parliamentary assistant put the main items on the record, what the expenditures are intended for.

Mr. BELZILE: I have some additional information which I could give in committee.

[Mr. Belzile.]

Mr. SPEAKER: I suggest that if hon. members have any questions they wait until we reach the committee stage.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. BELZILE: The hon. member for Cumberland asked for a breakdown of the $85,882,200. As submitted to the committee on railways, the breakdown is as follows:

Additions and betterments (less retirements)	$20,250,000
New equipment	59,000,000
Barraute branch line	1,440,000
Acquisition of securities and retirement of capital obligations	1,007,200
Additional working capital	20,000,000

Those items total $101,697,200. From that amount should be deducted the amount available from reserves for depreciation and debt discount amortization, $15,815,000. That gives a balance of the amount mentioned in the resolution, $85,882,200.

Mr. BLACK (Cumberland): Where will the amount for additions and betterments be expended?

Mr. BELZILE: The breakdown of that item is as follows:

Atlantic region	$1,909,665
Central region	9,916,680
Western region	4,882,085
Grand Trunk Western	3,684,877
Central Vermont	386,670
Subsidiary companies	1,376,503
Express, telegraph and other departments	2,588,590
Additions and betterments to equipment (Canada)	3,240,595
Equipment retirement credit	2,735,665

These items give an amount of $25,250,000. To be deducted from that is a portion of projects included in the above requirements which will not be physically completed before December 31, 1948, estimated at $5,000,000. This leaves a balance of $20,250,000.

Mr. JACKMAN: As usual this resolution is one sentence only, although it takes nearly twenty lines. After it gets through with the $85,882,200 for new securities it goes on to say:

—with authority to give financial aid and assistance to other companies of the said national system and to authorize the Minister of Finance to place at the disposal of the national company or the Trans-Canada Air Lines, such amounts as may be necessary—

Is that in addition to the $85,000,000?

Mr. BELZILE: Yes.

Mr. JACKMAN: Then this resolution and the bill to be founded thereon constitute an unlimited incursion upon the consolidated revenue fund.

Mr. BELZILE: A similar bill was passed last year, but this year it was deemed advisable to add this provision. The bill to be introduced will give authority to the Minister of Finance to advance to the railroad the money mentioned by the hon. member for Rosedale to enable it to meet its charges if at any time the revenue should be insufficient to cover those outlays. That was not provided for last year, and this year the authority is also being extended to the Trans-Canada Air Lines.

Mr. BLACK (Cumberland): From what the minister has told us, it would appear that only $1,909,665, out of a total of $20,250,000, is to be expended upon additions and betterments in the Atlantic region. It would be interesting to have a breakdown of the Atlantic region figure, but I shall not delay the committee. This would appear to me to be most inadequate if there is to be a fair distribution of moneys under this heading.

The question of the railway line from Moncton to Sydney has been before the house on many occasions. It was referred to a few days ago by the Minister of Transport when his estimates were before us. This line, which was built sixty or seventy years ago, carries heavy traffic. The grades are quite steep and it is probably about the worst railroad line in the country, having regard to the traffic it carries. Is there any appropriation for the improvement of this line from Moncton to Sydney?

Mr. BELZILE: The hon. member understands, of course, that many of the questions he raised should be directed to the Minister of Transport. I am informed that there is no special appropriation for the Moncton to Sydney section.

Mr. BLACK (Cumberland): No appropriation even for surveys?

Mr. BELZILE: No; I see none here for that purpose.

Mr. BLACK (Cumberland): I should like information on another point. In the appropriation for new equipment I notice quite a number of very heavy diesel locomotives, also smaller diesel locomotives. Are any such locomotives being provided for the Atlantic division? If so, I would point out that diesel locomotives would replace locomotives driven by coal produced in the maritime provinces. Over the years this has been one of our best local markets for the output of the coal mines of Nova Scotia. Would the minister say whether any of these diesel locomotives are being provided for the Atlantic division of the maritime provinces?

Mr. BELZILE: I cannot answer that question, because there is no reference to it in the C.N.R. budget.

Mr. ISNOR: I should like to follow up the thought expressed by the member for Cumberland. It is all very well for the parliamentary assistant to the Minister of Finance to say that this is a matter for the Minister of Transport, but the parliamentary assistant is sponsoring this bill, and he has mentioned certain items, one of which was quoted by the member for Cumberland, in reference to expenditures in the Atlantic region amounting to over $1,000,000. The member for Cumberland very properly asks how that amount is to be expended, and I too am interested in the answer. I wish the parliamentary assistant would pursue the matter a little further and give us a breakdown of that $1,000,000. I would also ask him to enlarge on expenditures to be made in the United States, particularly Grand Trunk extensions of over $3,500,000 and expenditures on the Central Vermont. I am particularly interested in the operation of these roads because of their effect in diverting traffic from our Atlantic ports to United States ports.

I would also draw attention to the part of the resolution which says:

> . . . if at any time in any year the available revenues of the national railway system or the Trans-Canada Air Lines and subsidiaries, respectively, are not sufficient to pay such charges . . .

This really amounts to a perpetual undertaking to make good the deficits. Would the parliamentary assistant enlarge on that? Today trust companies and banking institutions limit their proxies to a particular meeting or to one year. I think the same principle should apply here and that deficits on the year's operations should be placed before parliament. We are unable to get from the Department of Transport all the information

we require on the operations of the C.N.R., and I think it is poor business to give this more or less perpetual guarantee so far as deficits are concerned.

I should like to refer to a publication of the C.N.R., the *Canadian National Magazine*, which in its May issue says:

> As a public enterprise, the Canadian National system is accountable to the people of Canada. Every spring we report to our owners, telling them of the work we did for them the year before, the loads of freight we carried, the number of passengers, the money we took in and the money we spent.

They give the complete story of their operations, but when we ask for information we cannot get it in the form in which we want it, either from the Department of Transport or at the present time from the Department of Finance. If the Canadian National Railways are to come before parliament from time to time to ask for further financial aid, they should be prepared to give us a breakdown of their expenditures. I have particularly in mind at the moment the expenditure in the Atlantic region and its application to the rest of Canada. That is related, Mr. Chairman, to the argument we made on the floor of this house concerning the 21 per cent increase in freight rates. I do not propose to go into that now, because I would likely be ruled out of order. But in connection with the operations of the C.N.R. as covered by this resolution I would ask the parliamentary assistant to be good enough to explain why the whole financial operations of the railway are not taken into consideration when arriving at a decision on an application for an increase with respect to any particular branch of its operations, such as freight. Why are the operations of only one particular branch of the railway taken into account? The large chain stores always take into account the over-all receipts of all their branches and pay income tax on their net profits.

Mr. BELZILE: I have a breakdown of the expenditures for 1948 on additions and betterments. It is divided between the Atlantic region, the Central region, the Western region, Grand Trunk Western lines, Central Vermont and subsidiaries. It shows the expenditures on rails, tie plates, ballast and so forth, and I would ask the permission of the committee to put it on *Hansard*.

The DEPUTY CHAIRMAN: Has the parliamentary assistant permission to put this document on *Hansard*?

Mr. JACKMAN: The information is already available in the proceedings of the railway committee, and I see no use in putting on *Hansard* three or four extra pages of fine print. I object to putting it on, Mr. Chairman.

Mr. ISNOR: I understand that if any one member raises an objection, it cannot be included in our proceedings. I should have thought that the hon. member who raised the objection, and who is so much interested in the operations of the railways, would have welcomed the opportunity of having this information produced.

Mr. JACKMAN: I do not think the senior hon. member for Halifax understands the point I made.

Mr. ISNOR: I would have thought the hon. member would welcome the opportunity of having the information placed on *Hansard* so that it could receive wider distribution than the report of the special committee on railways. That is my point.

Mr. BLACK (Cumberland): I agree with the senior member for Halifax. If the hon. member for Rosedale will permit me, may I say that it is well for us to have as many particulars as we can possibly get on the subject under discussion. We have not all at hand the evidence given before the special railway committee.

The DEPUTY CHAIRMAN: Order. Unless the parliamentary assistant to the minister has unanimous consent, he may not put the table on *Hansard*.

Mr. JACKMAN: Although I am trying to save every dollar I can of the taxpayers' money, I withdraw the objection I took to this table going on the record.

The table follows:

CANADIAN NATIONAL RAILWAYS SYSTEM

ADDITIONS AND BETTERMENTS BUDGET—YEAR 1948

Expenditures Less Retirements Applicable to Capital Account

—	Atlantic Region	Central Region	Western Region	Grand Trunk Western Lines	Central Vermont Railway	Other	Total
	$	$	$	$	$	$	$
ADDITIONS AND BETTERMENTS—							
Rails and fastenings	110,534	813,178	661,002	216,700	7,038	.....	1,808,452
Tie plates and rail anchors	218,626	597,982	488,320	131,000	42,337	.....	1,478,265
Ballast	366,170	276,750	138,400	239,200	65,895	.....	1,086,415
Widening cuts and fills	212,572	.....	72,900	.....	4,750	.....	290,222
Rip-rap, retaining walls and crib-work	7,850	5,700	94,525	.....	.....	.....	108,075
Ditching, drainage and sewers	4,583	6,563	15,720	4,500	.....	.....	31,366
Yard tracks and sidings	126,080	953,380	301,512	246,200	.....	.....	1,627,172
Roadway machines	60,720	119,515	96,125	57,500	6,050	.....	339,910
Bridges, trestles and culverts	137,192	525,999	601,050	211,500	36,919	.....	1,512,660
Tunnels	.....	6,450	120,760	.....	.....	.....	127,210
Highway and crossing protection	10,000	258,152	43,812	139,400	.....	.....	451,364
Montreal office building	.....	2,500,000	.....	.....	.....	.....	2,500,000
Stations and station facilities	75,631	1,096,999	1,123,205	301,810	20,296	.....	2,617,941
Water supplies	4,700	121,309	86,832	22,116	27,486	.....	262,443
Fuel stations	.....	132,281	77,301	25,000	8,949	.....	243,531
Shops, enginehouses and machinery	377,786	2,286,713	520,410	291,547	31,230	.....	3,507,686
Docks and wharves	36,320	49,360	10,090	267,600	.....	.....	363,370
Grain elevators	.....	75,000	.....	.....	.....	.....	75,000
Signals and interlockers	Cr. 639	123,408	161,908	6,000	.....	.....	290,677
Telegraphs—railway	.....	.....	.....	.....	.....	500,000	500,000
Telegraphs—commercial	.....	.....	.....	.....	.....	2,000,000	2,000,000
Land	5,000	20,000	6,235	.....	.....	.....	31,235
General additions and betterments and contingencies	156,540	Cr. 61,319	Cr. 192,432	140,000	36,740	Cr. 434,830	Cr. 355,301
Express and miscellaneous equipment	.....	9,260	454,410	23,400	2,100	357,770	846,406
Subsidiary companies	.....	.....	.....	.....	.....	1,376,503	1,376,503
Hotels	.....	.....	.....	.....	.....	165,650	165,650
Additions and betterments to equipment	.....	.....	.....	1,361,404	96,880	3,240,595	4,698,879
Equipment retirements	.....	.....	.....	.....	.....	Cr.2,735,665	Cr.2,735,665
TOTAL ESTIMATED ADDITIONS AND BETTERMENTS	1,909,665	9,916,680	4,882,085	3,684,877	386,670	4,470,023	25,250,000
Less. Portion of projects included in the above requirements which will not be physically completed by December 31, 1948	.....	.....	.....	.....	.....	.....	5,000,000
NET ESTIMATED ADDITIONS AND BETTERMENTS	.....	.....	.....	.....	.....	.....	20,250,000

Mr. BELZILE: On the second point raised by the senior member for Halifax I wish to state that the resolution reads:

. . . to authorize the Minister of Finance to place at the disposal of the national company or the Trans-Canada Air Lines, such amounts as may be necessary to enable them to pay operating and income charges if at any time in any year the available revenues of the national railway system or the Trans-Canada Air Lines and subsidiaries, respectively, are not sufficient to pay such charges: Provided that all such amounts shall be reimbursed to the minister from the recipients' annual revenues in so far as such revenues are sufficient, any insufficiency to be provided for by subsequent deficit appropriation by parliament.

Therefore if the companies have sufficient revenue they will meet their own expenditures, and they will reimburse the government for the moneys advanced to them. If these companies suffer a deficit they will have to come back to parliament and ask for a special appropriation to cover the deficit. Therefore parliament will keep its jurisdiction over the deficit expenditures of the company.

Mr. ISNOR: I am pleased to have that information. So long as we have that understanding we can raise no objection. So long as they have sufficient revenue there are no deficits. It is only when they have a deficit

that they come to parliament for the money. In view of the answer given by the parliamentary assistant, I do not see that I can raise any further objection.

Mr. CHURCH: The discussion here this morning shows the difficulty of running the road from the commercial aspect. The matters raised here this morning have been placed in the hands of the board of transport commissioners for Canada—traffic, cars, and all these other matters, under the Railway Act. I want to point out the great mistake. I am not going to repeat what I said when this motion was up some months ago.

Because of the disaster which overtook the railways in 1916 and 1917, this national system was taken over five years later, and it had been predicted that unless the government ran the national railways from the commercial aspect, and stuck to its function, this disaster would happen. What are we doing here by this bill? It is contrary to the advice given by the royal commission which was appointed in 1917 that no capital structure or applications for additional capital or sale of securities could be granted unless they were recommended by the board of railway commissioners, now the transport board. The commission which conducted this survey of Canada's railways in 1917 consisted of able men. Mr. A. H. Smith was president of the New York Central. Mr. Acworth had made a great success of the British railways. Sir Henry Drayton was chairman of the board of railway commissioners. What did the report recommend to this house? That no capital structure shall be placed on that road without the railway commission of Canada reporting on it first to the government. The government has torn up that splendid report of 1917 and is not running the road from the commercial aspect.

Take this $85,000,000 deficit. Wait until you see the deficit next year. They have a board of directors which does not direct. Some of them were never connected with railways to start with. If we want a political rate structure it is all hidden in this resolution, instead of this public utility being run from the commercial aspect.

In the resolution there is a large amount of money for the subsidiaries. In fact the great proportion of the moneys is for that purpose. I think it was announced away back last March that the deficits would continue to increase. Some of that money is going into rolling stock and equipment for the subsidiaries of the Central Vermont and other subsidiaries in the United States. What is the result in Ontario—the Niagara district, for instance. The railway facilities all through western Ontario are not being improved to the extent that they are in the subsidiaries of the system in the United States. They cannot get any of this fine rolling stock in Ontario, and that is the province in which the old Grand Trunk made all its money. It is time the Auditor General of Canada got control over this system and that we did away with the haphazard system of appointing outside auditors. Some of them are just duplicating work. The auditors do not give any recommendation to parliament to guide us in seeing that the money is well spent. Now they have added a whole lot of other things to it. We never intended to have a national railway duplicating the hotel systems and duplicating everything else all over the country. Now they are tacking on to it the deficits, the equipment, and all that kind of thing, of the T.C.A. With all that kind of thing going on it is no wonder that they are going behind.

What is the board of transport commissioners for? It has now been organized into a board of seven with other functions. You might just as well abolish any control by the transport board, especially when one takes into consideration the reply I got this morning about the disaster in Toronto. There is no control over this railway at all except political control. Are we going to continue this state of affairs in this public ownership venture? I do not know of any public ownership venture that could be run in the way that this business has been run. The directors do not direct, and there is no proper audit of the system, no report from any financial people about it.

I am surprised at the action of the government. The road has not had a chance to function properly, because it is in politics, first, last and always. We have seen it under a political rate structure. No system can function under such conditions. In Ontario we have made a success of great public utilities. This is a great public utility, the greatest venture we ever had in public ownership in this country. It is failing day by day as a result of the interference of this parliament in its operation. We do nothing to regulate the road at all. It is no doubt necessary for them to come to parliament to have their deficits met, forsooth, but I believe the day is coming when we as a parliament should strengthen the government's hands and see that this great railroad, which has done a magnificent job, is run from the commercial aspect.

Mr. LOCKHART: It seems rather strange to me that a resolution calling for an expenditure of $85,000,000, and with other hidden possibilities that might turn out to be a blank cheque before we are through, occasions so little objection, but when we come to the small expenditure which has been mentioned by the hon. member for Broadview and myself, and which requires no elaborate equipment—I am speaking of the connecting link between the Niagara peninsula and Toronto by rail and water—objection is raised immediately. When it is suggested that old and unsafe equipment should be replaced, we are just given a deliberate brush-off; the answer is no; yet with the obligations that may arise in connection with this resolution it may cost us $188 million before we get through with it.

While it is desirable perhaps to deal with the separate divisions across the country, I think some of these smaller details should be looked into, seeing that they provide for the comfort of the travelling public, particularly a great many people who come from the United States, by way of Niagara Falls and Fort Erie borders, on their way to the great metropolitan city of Toronto. These people like to travel part of the way by water, and I do not think we should pass a resolution of this kind in such a way as to give them the brush-off and to intimate that we cannot have safe and proper equipment and adequate water transportation on lake Ontario. It is a little hard to understand. I make this protest again, as I have done in the past, and I intend to continue protesting until there is proper consideration of this particular branch.

Mr. JACKMAN: Before the resolution passes I think I should point out to the committee the dilemma in which it finds itself; and I do so particularly because last year the Canadian National system passed from the stage of operating surpluses to an operating deficit of $15,000,000 odd, while this year it is budgeting for a deficit of $23,400,000, and we do not know what the actual results will be.

On the basis of that deficit and of certain capital expenditures, plus an addition to working capital of $20,000,000, the government asks for authorization of $85,000,000 in new securities plus a blank cheque for any operating deficits that may occur, not only in connection with the railway and the steamship lines but also now in connection with Trans-Canada Air Lines, which has got into the deficit class. Apparently all these publicly owned enterprises in railways and steamships, and in the T.C.A., are now going to be deficit producers and a burden once more on the back of the taxpayer. In view of that, I think I should point out what we are doing and how little meaning there is to it.

We pass a resolution authorizing certain financial commitments up to $85,000,000, plus a blank cheque. This budget on which we are working was brought down before March 30, when an increase in rates was given; obviously it is meaningless, and of course the budget to some extent must be without strict meaning because your costs, wages, materials and supplies may go up or down during the year. They are much more likely in 1948 to go up. Consequently your budget means nothing. It is a bare approximation drawn out of thin air.

I am not going to make any contrast between public and private enterprises, but if these undertakings were under private ownership they would have to go to a banker, and if they had a deficit they would have to show that banker that they had good reason for getting an overdraft or a further extension of credit. They would have to prove that the service they were rendering was necessary and was being conducted in an efficient manner. Under the system by which these enterprises are operating, the companies, such as they are, come to parliament and, on the basis of a budget which is meaningless, no revision having been made since the increase in freight rates of March 30, they get a blank cheque for future operating deficits. How unlike this is to the ordinary system where a company is privately owned and has to go to a banker and convince him before he will advance his depositors' savings for its corporate purposes.

I merely want to point out to the committee that we are doing something we know little about, but under the system there is no alternative, and when we pass this resolution we are handing to the Canadian National, the West Indies steamships and the T.C.A. a blank cheque to carry on their operations as they see fit. We shall pay the bill, and next year they will come before us for authorization of a deficit already incurred.

Mr. MACDONNELL (Muskoka-Ontario): I should like to say just a word or two along the lines followed by the hon. member for Rosedale. As he has pointed out, what we are doing here really commits us to an approval of Trans-Canada Air Lines accounts, whatever they are. We have a statement of T.C.A. for 1947, and it raises certain important questions as to the method of accounting of that

enterprise. I should like to know whether this is the proper place to ask to have that gone into—because unless there is some other place, I think the matter should be gone into here. I do not think we should just take these accounts without questions of any kind. I am asking now whether this is the proper time, in view of the fact, as the member for Rosedale points out, that what we do here really approves the operation of T.C.A., whatever it may be. Is this the proper place, as perhaps it is the only time we shall have to ask questions of importance about the operations of T.C.A.?

It is suggested that the matter may be discussed under the estimates of the Minister of Reconstruction and Supply, but I am not sure about that. I do not remember its coming up in the transport estimates, and it is certainly before us now. I do not want to relinquish an opportunity of asking questions here unless it is quite clear that the opportunity will present itself elsewhere.

The DEPUTY CHAIRMAN: This resolution, of course, deals only with financial obligations. I do not think the operations of the railways would be considered under the Minister of Finance.

Mr. KNOWLES: On the point of order, Mr. Chairman, I suggest that it might be done under the estimates of the Minister of Reconstruction and Supply. I make that suggestion partly because I believe it would be more in order at that time, and also because it might be more satisfactory to discuss the phases of the matter brought up by the hon. member when we have that minister before us rather than the minister or assistant in charge of the Department of Finance. It is true there is no specific item in the estimates relating to Trans-Canada Air Lines, but it is also clear by the order in council that was tabled that the Minister of Reconstruction and Supply, or the Minister of Trade and Commerce—the same gentleman in either case—is the minister in charge of Trans-Canada Air Lines and responsible on its behalf to parliament. I suggest that either on the item for general administration of trade and commerce, or on the item for general administration of reconstruction and supply, it would be in order, and it would be more satisfactory, because the appropriate minister would be then before us.

The DEPUTY CHAIRMAN: I think the hon. member is correct in his suggestion.

Mr. MACDONNELL (Muskoka-Ontario): I agree with the hon. member for Winnipeg North Centre that it would be more convenient then, but I want to be sure that we shall not be told eventually that we have missed the bus.

[Mr. Macdonnell (Muskoka-Ontario).]

Mr. LENNARD: This resolution seeks authority to give financial aid and assistance to other companies of the national system. Apart from the Canadian National Steamships, not mentioned here, what companies are there?

Mr. BELZILE: In the 1947 annual report of the Canadian National Railways on pages 22 and 23, there is a long list of the companies that are owned by the Canadian National Railway system.

Mr. LENNARD: I think that list should be on the record.

Mr. BELZILE: It is always available to the public.

Mr. LENNARD: But it is not read. It should be in *Hansard*.

Mr. BRACKEN: Mr. Chairman, in the middle of this resolution there appear the following words:

> . . . with authority to give financial aid and assistance to other companies of the said national system and to authorize the Minister of Finance to place at the disposal of the national company or the Trans-Canada Air Lines, such amounts as may be necessary to enable them to pay operating and income charges if at any time in any year the available revenues of the national railway system or the Trans-Canada Air Lines and subsidiaries, respectively, are not sufficient to pay such charges.

What that means is that we are giving power to the government to pay the deficits of these institutions. The point I wish to make is that this clause gives the power to pay these deficits "if at any time in any year" there are deficits. I submit that this committee ought not to pass a measure with the latter part of that clause in it. If the government, by a blank cheque method, is to guarantee the deficits of these institutions, as it will probably have to do, I submit that the accounts of those institutions ought to come before parliament every year. I submit that the matter should not just come before us in some general way under some minister's estimates where there is no specific item dealing with it. The government ought to have no long-term powers in this form. It may be that the time to deal with this matter is when we get to the bill, although I am wondering if we ought not to move in this committee that those words "in any year" be deleted. I do not like to propose amendments without careful consideration, but if we do not do it here I propose to have it done later on.

The DEPUTY CHAIRMAN: Perhaps the parliamentary assistant to the Minister of Finance will repeat what he said with regard to these deficits and their having to come before parliament.

Mr. BELZILE: As I understand the procedure in this matter, either the companies will have sufficient revenues with which to meet the loans and reimburse the government or they will not. If they have not such revenues to a sufficient amount, they will have to come back before parliament; that is, the government will have to come before parliament and say that last year such and such a company—for instance, the Canadian National Railway system—incurred such and such an amount of deficit. Then we shall have to pass a bill appropriating money to pay that deficit, and shall have to appropriate special money for that. That is exactly what is covered by the proviso contained in the three last lines.

Mr. MACDONNELL (Muskoka-Ontario): Following what my leader has said with regard to the words "at any time in any year", it would seem to me that the whole of the wording throughout the rest of the resolution is "during the calendar year 1948." Surely that is what is contemplated. I still think that the leader of the opposition is right in saying that the words "at any time in any year" seem to have crept in by mistake.

Mr. BELZILE: The intention on this particular point is to have continuous authority to make the necessary advance.

Mr. BRACKEN: May I ask the parliamentary assistant if those words "at any time in any year" have been used in any previous year. It looks to me now as though we are legislating for all future years. In a matter dealing with deficits I think that opportunity for consideration ought to come before parliament every year.

Mr. BELZILE: A somewhat comparable provision was in the 1941 act. But last year we passed chapter 29, and this provision is, as is mentioned, entirely new.

Mr. ISNOR: I should like the parliamentary assistant to give one further interpretation. It relates to the words "to pay operating and income charges." As I understand it, it is based on the words "capital expenditure." If this $85,882,200 is for capital expenditures—

Mr. KIRK: For the year 1948.

Mr. ISNOR: Yes, for the year 1948—how is it possible to pay out of that amount a balance toward operating and income charges? Will the parliamentary assistant be good enough to explain the term "operating and income charges" so that we can understand whether or not they come within our understanding of the meaning of the word "capital"?

Mr. BELZILE: The provision to which the senior member for Halifax refers is in addition to the $85,000,000.

Mr. ISNOR: Then there is a further amount?

Mr. BELZILE: Yes.

Mr. JACKMAN: That is right—an unknown amount.

Mr. BELZILE: An amount which we cannot determine now. The C.N.R. makes a budget. Of course a budget is to provide for the future. They do not know what deficit they will incur, whether scarcity of materials will raise prices substantially, whether wages will increase, and so on. If they incur any deficit, they will have to come back next year before the government, explain that deficit and give the reason for it.

Mr. MACDONNELL (Muskoka-Ontario): Let me read the first part of the resolution:

> That it is expedient to bring in a measure to authorize the Canadian National Railway Company to issue securities not exceeding $85,882,200 in principal amount to provide the moneys necessary to meet capital expenditures made or capital indebtedness incurred during the calendar year 1948 . . .

Then lower down on the page the resolution reads:

> —and to authorize the Minister of Finance to place at the disposal of the national company or the Trans-Canada Air Lines, such amounts as may be necessary to enable them to pay operating and income charges if—

And I suggest the wording should be "during the calendar year 1948."

> —the available revenues of the national railway system or the Trans-Canada Air Lines and subsidiaries, respectively, are not sufficient to pay such charges:

Surely it is the same period we are talking about. I suggest that would meet the situation, unless there is some point which has not yet been brought out.

Mr. LENNARD: Then bring it out.

Some hon. MEMBERS: Carried.

Mr. LENNARD: No, it is not carried.

Mr. BELZILE: It is the government's policy to have authority to make these advances as required so that the company will meet its operating and income charges as they come due.

Mr. MACDONNELL (Muskoka-Ontario): Does the parliamentary assistant suggest that we are now being asked to vote something which goes beyond the year 1948?

Mr. BELZILE: That is right.

Mr. MACDONNELL (Muskoka-Ontario): I still doubt that. I still cannot see why it is necessary.

Mr. KNOWLES: Just on the point of what we are doing, and for the moment not commenting on whether it is right or wrong, does this not mean that we would be laying down the policy that year by year the government would have the authority to pay over such moneys as the railway or the air line might need, without waiting in that year until parliament had actually appropriated the money?

Mr. JACKMAN: That is right.

Mr. KNOWLES: Then having done that, the government would come before parliament some time during the year, either with a bill or an item in the estimates and ask parliament to vote the specific amount which the government had already turned over to the railways. Would we not as a parliament still have the right to refuse to vote that money in any year, if the majority of the house felt so inclined?

Mr. LOCKHART: It may have been paid.

Mr. BELZILE: The hon. member for Winnipeg North Centre has put it clearly. That is a correct interpretation of the clause.

The CHAIRMAN: Shall I report the resolution?

Mr. BRACKEN: No. Are you sure, Mr. Chairman, that the resolution has been passed?

The CHAIRMAN: I should report it.

Mr. BRACKEN: Unless you have declared it passed, Mr. Chairman, I would urge that, since it is almost one o'clock, the parliamentary assistant take the noon hour to give the matter further consideration. I do not feel disposed at the moment to accept this new policy, where we would say for all time to come we give power to the government to provide for deficits of these railways and subsidiary enterprises. Obviously that situation will be met, and probably will be cared for in this way. I do object however to the tying of parliament's hands for years to come by action we would take now. It does not need to be done in that way. Action can be taken each year, at which time the activities of the different organizations can be brought before parliament and discussed in the house.

I suggest that the parliamentary assistant give further consideration to this matter, particularly the expression "if at any time in any year". That is the phraseology to which objection has been taken.

[Mr. Belzile.]

Mr. BELZILE: I can only repeat what I said earlier, that provision is made in the resolution whereby, if there is a deficit, the government will have to come back to parliament, explain the situation, and have a special appropriation put through to finance such deficit.

Mr. MACDONNELL (Muskoka-Ontario): I hope the parliamentary assistant will accept the suggestion of my leader, because I still feel that it is merely a mistake, and that it would be inconsistent with the rest of the provisions.

I should like to turn back to the Trans-Canada Air Lines and ask two or three questions with respect to that organization. I believe however it would be somewhat unfair to ask the parliamentary assistant, because I do not imagine he is familiar with the details. I wish to know about rentals, and various other expenditures. I should like to have the entire picture of expenses of Trans-Canada Air Lines, so that I might know whether the deficit which is shown is in any sense a real deficit. Perhaps I might go ahead and ask my questions now, or it may be that I should ask them of the Minister of Trade and Commerce.

Meantime my first question would be this —and I shall put the others later: I wish to know in particular what rentals they pay for the various airports. Then, in general, I wish to know what expenditures of Trans-Canada Air Lines either directly or indirectly are paid by the use of other government money.

Mr. BELZILE: I do not believe the hon. member's question would come under this resolution. Perhaps I might point out that the deficit of Trans-Canada Air Lines was placed before the house in March of this year.

The CHAIRMAN: It does occur to me that the financial arrangements in connection with the operations of Trans-Canada Air Lines might more properly come under the Depart ment of Transport. That has already been submitted to the committee. I doubt if it is in order to discuss those details at this time.

Mr. KNOWLES: Mr. Chairman, when your assistant was in the chair a while ago some of us pointed out that although civil aviation matters come under the Department of Transport, the responsibility for Trans-Canada Air Lines by order in council is still under the Minister of Trade and Commerce. The two relevant items in each of those departments, those of general administration, have yet to be passed. My suggestion, in which there was

general concurrence, was that the balance sheet of Trans-Canada Air Lines could be discussed at that time.

Mr. ISNOR: I am in accord with the general principle expressed by the leader of the opposition. In addition to this sum of more than $85,000,000 we should not grant a further unknown amount. However this is only the resolution stage, and in virtue of the explanation given by the parliamentary assistant, that every year the Canadian National Railways must return to parliament for an amount to cover their deficits, we might pass the resolution. When we have the bill before us we shall be in a better position to make any required amendments or suggestions as to the period of time involved.

Mr. BELZILE: For that reason I am suggesting that we pass the resolution and proceed to a discussion of the bill.

Mr. BLACK (Cumberland): Under this appropriation of $85,882,200 is an amount of $23,400,000: In this appropriation is there any provision for the deficit of Trans-Canada Air Lines?

Mr. JACKMAN: Yes.

Mr. BLACK (Cumberland): I should like to know how much it is.

Mr. GIBSON (Comox-Alberni): This seems to be a peculiar way of proceeding. I think back to the time when the estimates of the Minister of Transport were before the committee. He told me then that so far as subsidies on the Pacific coast were concerned, the Canadian Pacific railway and the Union Steamship company were both granted subsidies of about $400,000. This made up for the fact that they were not charging economic fares. He said the Canadian National Railways were excluded from the payment of those subsidies. It seems to me that if we give authority in this way, the Canadian National never has to be concerned about subsidies. It never has to be concerned about economic fares. An important principle is involved here, if we are going to say that anything owned by the government can always come back to parliament and does not need to consider costs of operation. It does not seem to be a sound principle.

When we ask United States tourists to come to this country to view the glories of the Alaska trip, we give them, and also our Canadian tourists, a $200 trip and we charge them $120 for it. If United States funds are that valuable to us, it seems to me there should be a cheaper way of getting them. Just to tell our nationally owned lines that they can always come back here and get any sum they require to meet their operating deficits does not seem to me to be sound business.

The CHAIRMAN: Is the committee ready for the question?

Some hon. MEMBERS: No:

Some hon. MEMBERS: One o'clock.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. ABBOTT: My parliamentary assistant explained to me that there was a discussion this morning concerning the provision under which the Minister of Finance may make temporary advances to the railway company to pay operating and income charges of the system. As hon. members of the committee will appreciate, that provision is to provide a form of revolving fund without fixing the top limit. It is logical to do that in the case of a publicly-owned corporation such as this, because surpluses in any year have to be turned into the consolidated revenue fund. If at the end of the year it develops that the advances have not been repaid out of revenue, under the terms of the bill which will be founded on this resolution they will have to be voted by an item in either the main or the supplementary estimates.

That seems the businesslike way to proceed. There is no intention or desire to flout parliament in any way. If it is preferred, when we come to the bill I am quite ready to provide by amendment that there will be a time limit as of March 31, 1949. Frankly I think parliament retains just as much control under the section of the bill which hon. members will see when the resolution is passed; but if the other method is preferred I would have no hesitation at all in putting in a date limit. I want to make it perfectly clear that the provision as it now stands does not take away from parliament any of its control over voting deficits of the Canadian National Railways and Trans-Canada Air Lines; it was simply to provide what seemed a practical and businesslike way of taking care of these temporary advances and their subsequent voting by an item either in the main or the supplementary estimates.

If the committee would permit the resolution to pass I give the undertaking now that if it is still the feeling that there should be an annual time limit I will have one of my colleagues move an amendment when the proper section of the bill is reached in committee.

Mr. BRACKEN: I am willing that the resolution be allowed to pass, but I do suggest that that amendment should be made; otherwise it looks as though we are saying that for all time they can make all the losses they choose and those losses will be met by parliament. I expect that they will be met, but if things run wild some time in the future and the government has to come to parliament, with the amendment the minister is now suggesting we shall have an opportunity to examine and deal with it. I thank the minister for acceding to that suggestion.

Mr. ABBOTT: Like my hon. friend, I would be the last to suggest that parliament should not have an opportunity to deal promptly with any deficit of any of these publicly owned corporations. I am satisfied that parliament would have such an opportunity under the section provided in the bill to be distributed shortly, but I repeat that if any hon. member feels that there is any doubt I shall gladly agree to an amendment to make it perfectly clear.

Mr. BRACKEN: Is the bill available for distribution?

Mr. ABBOTT: It probably has not a number yet, but I have a copy here. Perhaps we could introduce the bill and it could be looked at, as was the case with the Tariff Board Act, between now and tomorrow, and we can settle that question when the bill comes up for second reading.

Mr. MACDONNELL (Muskoka-Ontario): I observe that that part of the resolution which we are querying is new.

Mr. ABBOTT: That is right.

Mr. MACDONNELL (Muskoka-Ontario): While we all appreciate what the minister says with regard to the rights of parliament being maintained by the last two lines of the resolution, it seems to us that the new wording is discordant with the rest of the section.

Mr. ABBOTT: It is section 9 of the bill. If I could have the bill introduced, I should be glad to discuss an amendment to that section tomorrow if it is thought necessary.

Resolution reported, read the second time and concurred in. Mr. Abbott thereupon moved for leave to introduce Bill No. 346, to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways system during the calendar year 1948, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

Motion agreed to and bill read the first time.

NORTHWEST TERRITORIES

ELECTRIC POWER PLANTS—PROVISION FOR ESTABLISHMENT OF POWER COMMISSION

Hon. J. A. MacKINNON (Minister of Mines and Resources) moved the second reading of Bill No. 340, respecting the supplying of electrical power in the Northwest Territories.

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

On section 1—Short title.

Mr. MacKINNON: Mr. Chairman, I think it proper that I should make a fairly full statement at this time. I am making this statement more extensive than I ordinarily would in order to anticipate questions that might be asked.

It will be recalled that in recent years very promising mineral deposits have been discovered in the Yellowknife district north of Great Slave lake, Northwest Territories, and several mines are now producing. Many other mining claims have been staked and are in the process of development.

Among the mines that have gone beyond the preliminary development stages and are now underground are the following:

Con-Rycon Mines, operated by Consolidated Mining and Smelting Company
Negus Mines Limited
Giant Yellowknife Gold Mines Limited
Thompson Lundmark Gold Mines Limited
Beaulieu Yellowknife Mines Limited
Discovery Yellowknife Mines Limited
North Inca Mines Limited
Diversified Mining Interests
Viking Yellowknife Mines Limited
Ptarmigan Mines Limited
Akaitcho Mines Limited

Of these the Con-Rycon Mines are milling 270 tons daily, and expect to increase this to 300 tons daily during 1948, as well as improving their plant. Negus Mines Limited, another gold producer, milled an average of 65 tons daily during 1947, besides other improvements, and an addition to their mill will increase its daily capacity to 160 tons. Giant Yellowknife Gold Mines Limited have done considerable work both at their surface plant and underground, and will soon begin operations on a 200 ton basis. They anticipate increasing this tonnage substantially as soon as hydro-

electric power is available. Thompson Lundmark Gold Mines Limited resumed production in September, 1947, and are milling approximately 100 tons per day.

Underground development work to various stages has been carried on by the other companies referred to above. In addition to these, Akaitcho Mines will begin a shaft-sinking program in the summer of 1948.

One of the great needs for the successful operation of mines, whether in the development or the productive stage, is electric power. Because of the high cost of fuel in this northern area, the hydroelectric power will probably be the main source of energy, and will undoubtedly be used in preference to diesel or steam-generated power.

In 1946 the dominion government decided to undertake the construction of a hydroelectric power development plant on the Snare river, and of the transmission line necessary to bring the power to the Yellowknife mining field and to the townsite. The work was begun in 1946 on the Snare river storage and power project, ninety-four miles northwest of Yellowknife settlement, with the object of developing an initial capacity of 8,000 horsepower. An agreement for the sale of approximately 4,000 horsepower has already been made, and it is expected that other agreements will be made in the near future. The characteristics of this project will permit further development as required up to 28,000 or 30,000 horse power.

The dominion's policy as indicated in this bill is to establish a Northwest Territories power commission to develop, operate, and administer electric power in the territories, and which will plan and correlate as much as possible power needs in the mineral area. Power will be transmitted from the Snare river project to those mines and settlements requiring it within economic power transmitting distance, under present circumstances considered to be about one hundred miles, and where demands are established in other areas additional hydroelectric plants will be planned.

The objective is to supply ample power at a low cost and thus assist substantially in the development of the mineral industries in the territories. At present gold is the chief mineral being recovered in the Yellowknife district.

Practically all the mines that have been mentioned are within economical transmission distance of the Snare river development, and it is expected that many other mines will be developed within the same radius.

I shall not go into detailed explanation of the various sections of the bill, because these are covered in the explanatory notes printed with the bill, or by the sections themselves.

Briefly the bill provides for the construction and operation of power plants in the Northwest Territories to sell electrical power at as low cost as possible, subject to the plants being self-sustaining. The proposed Northwest Territories power commission will take over and operate the hydroelectric development under construction on the Snare river, and in addition will develop, operate and administer other power plants needed in the territories. The commission will have authority to sell power generated by its plants in large blocks to mining companies. The commission may also sell power on a retail basis to consumers in any district or area.

Climatic hazards and the short seasons when certain types of construction work or hauling of supplies must be undertaken, make it advisable to invest the power commission with certain authority to make capital expenditure for such things as branch transmission lines, substations, additional installations or works to increase power output of existing plants. If it were necessary to wait for the voting of funds at the next session of parliament, considerable time might be lost and beneficial projects could be delayed a year or more. Every advantage has to be taken of the seasons and limited facilities in the territories. Section 17 of the bill, which is implicit in itself, covers this authority.

With the approval of the governor in council, the commission shall establish schedules or ranges of rates for the power it supplies on the basis of not less than cost, which will include interest on the principal amount made or deemed to have been made to the commission in respect of the plant supplying the power, and all costs of operation and maintenance of the plant lines and other structures, together with costs of administration and salaries. Charges will also cover the establishment and maintenance of a contingency reserve fund. Rates are to be reviewed annually by the commission.

At the request of the commissioner of the Northwest Territories the commission may investigate the supplying of power to any local administrative district, company or other person in the Northwest Territories and advise the commissioner of areas that might be served, the capital cost, and the rates necessary to cover the cost of supplying the power.

It is believed that this bill represents an important advance for assistance in the development of the great natural wealth which lies in the Northwest Territories. Numerous mining and other enterprises can and will be stimulated if power is made available at low cost.

Mr. MacNICOL: Mr. Chairman, I wish to support this program of a commission for the governmental production of electricity in the Northwest Territories. I have always felt that the power should belong to the people in those territories, and this is a step in that direction. I hope that the personnel of the commission will include at least one engineer, preferably one who is thoroughly conversant with power production. There are to be three commissioners, I understand.

Mr. MacKINNON: Provision is made for three, but one is to be appointed to start with.

Mr. MacNICOL: I hope that the commission when it is set up will make a survey of all the Northwest Territories with a view to ascertaining the possible power developments in the area. The minister spoke of the Snare river area, where just one power development is to be made.

Mr. MacKINNON: To start with.

Mr. MacNICOL: There are two or three more possible power developments on the Snare river, the power potential of which is about 35,000 horsepower, of which the present development will produce 8,000 horsepower, to be transmitted by wires principally to the Yellowknife area where the mines are in operation.

I should like to see the commission make a survey of the east end of Great Slave lake and Lockhart river. That may be called after the hon. member for Lincoln (Mr. Lockhart); if it is not, it could well be, since the name is the same. The Lockhart river drains Artillery lake, and, after a series of rapids and falls, finally falls into Great Slave lake. That river has a potential, I believe, of 150,000 horsepower, which can be developed at three heads, each of which is capable of developing a substantial block of power. The potential power there will be under the commission, will it not?

Mr. MacKINNON: Yes.

Mr. MacNICOL: Likewise on the Thelon river there is the possibility of developing power. I hope the commission will survey these possibilities and then consider the territory north of the Yellowknife, to the east of Great Bear lake, on the Coppermine river at what is known as Bloody falls—a very beautiful falls, of which I have a picture. There is a natural power site. The river turns around like a hook before it goes over the falls.

In the far north country I imagine that the question of precipitation would be important, because the land there is dry, and the flow of the river would have to be carefully surveyed before any attempt was made to develop power from that water. But away to the west, over on the Mackenzie river, I saw what I thought was an excellent power site at Sans Sault, north of Norman Wells, and before you come to Fort Good Hope. The river, which is two or three miles wide above that, is reduced to about 1,500 feet where it bursts through the mountains. Previously the mountains are on the right side of the river as you go north but they cross the river at Sans Sault. In my opinion a gigantic power plant could be built on that site if the time ever came for it to be constructed. I am anxious that the government should have possession of the power facilities at Sans Sault, which in my opinion would amount to not less than half a million horsepower.

In a word, I for one am pleased to see the government taking control of all the power potentialities of the Northwest Territories for future public development. If they follow the same program that has been followed by the hydroelectric commission of Ontario, and keep the cost down, they will be able to sell power to the miners in that country at a reasonable rate. Nothing will develop a country more rapidly than cheap power. It has to be produced by one of four methods: water, coal, oil, or gas. That country has so much water power on hand that it will produce electric power for a long time to come.

I do not need to say anything further. I am supporting the bill, and wish the commission that is to be appointed every success in developing that great country which is overflowing with incomparable resources, minerals of every description. With other power plants east, west and north to supplement this one, perhaps before many years Canada will learn that in these so-called barren lands to the far north there lie minerals out of which we will reap a harvest such as no other country possesses. With that power will come an influx of population such as has not been dreamed of. There is nothing like electricity to make life worth living. I for one support the bill.

Mr. SMITH (Calgary West): I have listended as carefully as I could to the minister's remarks. As I understood him, there was a reference to rates. There was a bit of noise in the chamber at the time and I may not have caught him correctly. I understood him to say that these rates were to be such as to take care of the carrying charges of the plants.

Am I correct in assuming from that that the project is not to be self-liquidating?

Mr. MacKINNON: The project is to be self-liquidating.

Mr. SMITH (Calgary West): Perhaps I was not clear as to what the minister said. I thought he referred only to carrying charges.

Mr. MacKINNON: All charges.

Mr. ARCHIBALD: I am in favour of this measure, and I hope that when the commission begins to operate it will see that equitable rates are charged to the citizens of Yellowknife. I had the pleasure of visiting Dawson City in the Yukon last year. The company there had its own electric plants to operate the dredges, but it is taking the citizens of Dawson City to the cleaners through the high rates it is charging. I should like to see the government hook up the Yukon with the Northwest Territories. I wish they would extend the commission in there so that the city of Dawson could get equitable rates for its citizens.

Mr. JACKMAN: May I ask one or two questions on this project? First of all I should like to pay a tribute to the enterprising investors, miners and others who have developed this section of our great country to the extent that they have. It is far removed from some of our largest centres, and was distinctly one of the greatest pioneering projects in Canada. Fortunately this development has been crowned with a certain measure of success, which promises well for the future. The questions I should like to ask the minister are these. I understand that the first development of this power project is one of 8,000 horsepower. The firm contracts which are in hand now for certain mining companies will include 4,000 horsepower.

Mr. MacKINNON: We have contracts now for approximately 4,000 horsepower from one mining company.

Mr. JACKMAN: What I am interested in finding out, Mr. Chairman, is just how these rates are to be assessed against the whole development and applied to the first people who come into the use of this power. For example, if the total project is for 28,000 to 30,000 horsepower, I presume there will be certain dams and water hold-backs constructed which will enable the whole development to be made use of in the most economical way possible. If the first instalment is for 8,000 horsepower, it is obvious that the government cannot expect to get back all the cost of the storage dams, and so forth, by assessing the costs against the small amount of initial production. Therefore I think the committee should be given some information as to the method of fixing the rates which will be applicable from the very start, because if the rate is too high for an individual mine it may be found that the cost of production of gold, or whatever metal is being mined, will be so great as to discourage any future development in that country. If the minister will let us know exactly what factors are to be taken into consideration when the rates are determined, it will be enlightening.

As I understand the bill, not only the costs of operating the power plant and distribution will be part of the schedule, but also the amortization of the whole project, of which just a small part is being developed now. Perhaps the minister will include with his answer his own opinion, backed by that of his officials, as to the extent of the ore resources of the mines which will make these contracts, because the committee will be interested to know whether or not there is a likelihood of the mines being able to use the power over a long period so that they will be in a position to honour their contracts during their lifetime.

Perhaps the minister will tell us how long the present contract for 4,000 horsepower is to run and whether or not there have been any other applications from adjacent mines, and for what periods of time they want to take power.

The DEPUTY CHAIRMAN: Order. I wonder whether the committee would agree to deal with the clauses as we come to them. Clause 6 deals with power. What we are dealing with at the moment is just the short title, which reads:

This act may be cited as the Northwest Territories Power Commission Act.

Mr. CHURCH: I am glad to see the minister take the action he has in connection with this bill. I wish to commend it to the wisdom and judgment not only of the house but of the country. The Northwest Territories are rich in natural resources of many kinds lying yet undiscovered. As a pioneer in cheap light and power movement in our own province—

The DEPUTY CHAIRMAN: Order. I wonder if the hon. member would deal with the short title. We shall reach the different clauses later.

Mr. CHURCH: I do not wish to delay the proceedings, but I wish to commend the bill to the house. I know the minister is taking the right attitude if he gets the right men on the commission to develop it. The various definition and interpretation clauses are all right so far as I have seen them. I have read

the bill over two or three times. The interpretation clauses of the bill are most important, because the principle is very largely wrapped up in them. As you know, Mr. Chairman, you were in this movement yourself, in the early days of power development in our own province. The high cost of developing a mine is due largely to the lack of cheap light and power. I hope the minister will see to it that this commission is operated on a strictly commercial basis and that this great district will receive the justice that has long been denied it. It is entitled to cheap light and power. We have a potential of 44,000,000 horsepower in this country, of which only one-sixth is developed, and that in part is seasonal.

I commend the bill and I should like to see the minister undertake eventually a national hydroelectric system for the entire dominion, so that no part of Canada will be without this great heritage, which has been a boon and a blessing not only to those in the cities but to the people in the suburban areas and on the farms. What we need in Canada is development from one end of the country to the other, and the provision of cheap light and power is the first essential.

Mr. MacINNIS: A word on the point you raised, Mr. Chairman. I agree that it is the proper way to deal with the matter, but the minister made his explanation on the short title. True, the explanation is largely on the opposite page, but if the minister is to be allowed to make a statement such as we have heard, I think other hon. members will claim the right to do the same, and they should be in order.

Mr. CASE: The questions I have to ask come under the short title. I wish to know whether there is anything in the bill to prevent private interests, mining companies, from developing their own power. Is it the intention of the crown to develop all the power for this area? What limitations and restrictions are imposed, and what privilege will be left to the mining interests to claim rights to certain water-power resources?

Mr. MacKINNON: In a general way, it is intended that the commission shall sell power to all users. It is quite possible that in some isolated districts permission may be given to a company to produce its own power, but that is not under consideration at the present time.

Mr. COCKERAM: What about the developments that existed prior to the functioning of the commission?

[Mr. Church.]

Mr. MacKINNON: There is only one case I know of, and that is the power developed by the Con mine, as it is familarly known. They will still use that plant. As a matter of fact, the Con mine is now supplying power to other mining developments in that neighbourhood.

Mr. CASE: Where risk capital is used in seeking to discover mines and to develop a territory, will private enterprise have a reasonable assurance that the commission will supply them with power? Suppose there is a development that they can undertake, will there be restrictions prohibiting them from going ahead? In other words, what guarantee have they that the commission will deliver power to them? Will the commission restrict or resist the development of the territory?

Mr. MacKINNON: The whole purpose of the legislation is to enlarge the development of the district. There are, as I am sure the hon. member is aware, bright prospects in large numbers in this same territory, and it is with the object of getting power as cheaply as possible for the use of the present mining companies and other companies developing further discoveries.

Mr. COCKERAM: Does the department intend to carry the power to some of the new sections 90 and 100 miles further north? I am thinking of Crestaurum and North Inca. What assistance will be given in completing the power line, or will the company build the line?

Mr. MacKINNON: It is intended to use this development to provide power in the districts indicated by my hon. friend.

Mr. DIEFENBAKER: I did not quite understand the minister. Did he say that when this commission takes over it will enjoy a monopoly privilege in the production and distribution of power within the territories? Is that the general plan in view?

Mr. MacKINNON: It is not a monopoly of power. It is the wish of the commission and of the government to supply power to the mining companies at a rate which will make it profitable and reasonably satisfactory to them. In the district at present there is a private corporation, the Con mine, which has its own power, and that development is continuing. In the legislation we could take over that plant if it is found advisable, but there is no present intention of exercising that power.

Mr. DIEFENBAKER: That still does not meet the situation. When this commission is set up and begins the production of power,

will this body be exclusively the agency for the production of power within the Northwest Territories?

Mr. MacKINNON: We expect that the mining companies will be very glad to buy power from the commission, because we hope they will be able to get it more cheaply from the commission than they can produce it themselves. Special circumstances might arise that would necessitate further consideration of a particular project, but in general the commission expects to serve all users with power.

The DEPUTY CHAIRMAN: I wonder if the committee would deal with the clauses as we reach them. What we are considering now is simply the short title.

Mr. BLACK (Yukon): On the introduction of the bill the minister read the short title and went generally into the purposes of the bill. He gave an explanatory statement. Surely members can deal with it in the same manner. I suggest that the committee would make better progress that way.

The DEPUTY CHAIRMAN: I do not wish to press the point. After all, I am in the hands of the committee, but my own opinion is that we would make better progress if we dealt with the clauses as we reached them.

Mr. DIEFENBAKER: "This act may be cited as the Northwest Territories Power Commission Act," and with the greatest respect to you, sir, I submit that the scheme followed in the past has always been to permit general discussion on the short title in order to determine the question. We are trying to co-operate so as to get this through.

The DEPUTY CHAIRMAN: I hope the hon. member will not spend time arguing that point, because if the committee wishes to carry on as it is doing, I raise no further objection.

Mr. DIEFENBAKER: Thank you, sir. I come back to this matter because the minister takes so many words to answer a simple question. Is it the intention of the Northwest Territories power commission to be the exclusive producer and distributor of power within the Northwest Territories, subject to the existence of one company which at the present time generates power there?

Mr. MacKINNON: I might give the hon. member for Lake Centre an answer by stating that at the present time mining companies may develop individual power sites under the Dominion Water Power Act—

Mr. DIEFENBAKER: Yes.

Mr. MacKINNON: —but the smaller mining companies are often unable to finance a hydroelectric power development. There is also the tendency to have scattered water power plants in a mineral area rather than a larger development which would serve the whole area at a cheaper rate. The bill reduces the danger of smaller power plants prejudicing the development of a large plant on the same river.

Mr. DIEFENBAKER: Sometimes in a multiplicity of words there is wisdom, Mr. Chairman, but not always clarity. Surely it would be a simple matter to say whether or not the government intends, regardless of price or other considerations, to be, under this commission, the exclusive producer of power in the Northwest Territories. If it does, let us know it. If it does not, let the minister say that it has not that intention. I do not like the use of many words to answer a simple question. I am not at the moment critical of whatever the answer will be, but I should like to know what it is.

Mr. MacKINNON: I think it is essential at times to add something to the answer rather than to say merely yes or no. But in this particular case, answering briefly, I would say that it is not the intention of the government or the commission to do what is suggested by the hon. member.

Mr. DIEFENBAKER: To have a monopoly?

Mr. MacKINNON: Yes.

Mr. COCKERAM: I should like the minister to clarify the question of these power lines. I have in mind a mine a hundred or so miles farther north which has had considerabe correspondence with the department and which for months was unable to get an answer to their letter asking whether power would be brought up to the north from the Snare river. If it is the intention that it should be brought up, who is to pay for the power line? Is it to be paid for on the basis of fifty per cent by the mining company and fifty per cent by the power company? I think this is a necessary investment in the Northwest Territories, but I believe there must be greater co-operation than has been shown up to the present with regard to these outlying places.

Mr. MacKINNON: I have already stated that it was the intention of the commission to consider favourably any application for power in the district mentioned by the hon. member. I should also like to add that these are matters of negotiation and arrangement between the prospective user of power and the commission. If there is a reasonable necessity for the extension of the transmission line to the area, the circumstances surrounding the

application will have to be considered. Under certain circumstances I would think that the entire cost of the transmission line would be borne by the commission and covered by the power rates. In other cases it might be a matter subject to negotiation.

Mr. COCKERAM: I raised this point because I realize that one must know the ore position and everything else before those decisions are made. But when a company comes to the department, as several companies have, with fairly well estimated ore reserves and has been more or less given the run-around—when for months it has received no reply to its letters—I think there is evidence of a situation that we should guard against.

Mr. BLACK (Yukon): Can the minister tell us how many power plants will be established?

Mr. MacKINNON: Will the hon. member repeat the question?

Mr. BLACK (Yukon): Can he tell us whether power will be sold at cost or under cost? In the explanatory notes I find this paragraph:

> At the present time mining companies may develop individual power sites under the Dominion Water Power Act but the smaller mining companies are often unable to finance a hydro-electric power development. There is also the tendency to have scattered water-power plants in a mineral area rather than a larger development which would serve the whole area at a cheaper rate.

I should like to know how many plants the government proposes to put in, and how many of those scattered plants are operating now, if any. Or is it just an idea that they might be established? The paragraph goes on to say:

> The bill reduces the danger of smaller power plants prejudicing the development of a large plant on the same river.

It looks to me as if the smaller plants are to be shut out—

Mr. MacKINNON: Oh, no.

Mr. BLACK (Yukon): —even though they have the money with which to build. Has the minister ever considered the advisability of the government going into the power business in the Yukon territory? He and his staff administer that territory, as they do the Northwest Territories, except that Yukon has, or thinks it has, some local government which on analysis does not amount to much. Yukon has been developing her natural resources in that territory for over half a century. The natural resources of the Northwest Territories turned out to be of some value only within the past few years. Now the government expects to put millions of dollars of public money in there to help these people develop their resources. Why not put some money into Yukon? There is a crying need for power development up there. Two individual plants are operating in that area, and the rates charged to the consumer are 25 cents and 20 cents per kilowatt hour respectively. You cannot operate on that. Will these plants in the Northwest Territories, apart from overhead and operating expenses, be developed to give the people cheap power? Has that been estimated scientifically? Is there any probability of the government's doing the same thing in Yukon as is proposed here?

Mr. MacKINNON: At the present time the government has not in prospect the establishment of a similar commission in the Yukon, nor does it suggest that this commission should at the present time consider extension to the Yukon. The hon. member for Yukon asked about the establishment of different plants. At the present time there is just the one unit being established. There are other sites on the same river, and it is quite possible they will be developed by this commission as the demand for power increases.

Mr. BLACK (Yukon): Where will the head office of the commission be?

Mr. MacKINNON: In Ottawa.

Mr. BLACK (Yukon): And the government of the Northwest Territories has its head office in Ottawa?

Mr. MacKINNON: Yes.

Mr. BLACK (Yukon): The government of the Northwest Territories consists of a committee of civil servants, with the exception of one member who is not a civil servant, and so far as I know he has not bothered to attend a meeting of the commission yet; at any rate he has not attended more than one. It seems to me that the head office of the commission which is to be created should be in the Northwest Territories where the work is being done and where the power is developed, not here in Ottawa.

Mr. McCULLOUGH (Assiniboia): I want to say first that I think this legislation is a slow and hesitant step in the right direction. What we need is public development of our power sites throughout this country. I deplore the fact that we have had, since I have come into the house, nothing more than piecemeal attitudes and policies in this regard. Sometimes I listen to my free-enterprise friends, and it seems to me they would ask that public money be spent—

The DEPUTY CHAIRMAN: Order.

Mr. CASE: Private enterprise has done a pretty fair job of development.

Mr. McCULLOUGH (Assiniboia): —on such developments as this Northwest Territories power commission. I think the time will come when they will not want to take any responsibility greater than the bookkeeping and the collecting of the profits. I take exception to their attitude, in that it applies solely to a section of Canada the chief industry of which is mining.

We have in the province from whence I come some large power projects which could raise the standard of living of our people. I think the time has come when we must have more public development.

Mr. JACKMAN: What is the matter with your provincial government?

Mr. McCULLOUGH (Assiniboia): Let me tell the hon. member that in the four years the present government of Saskatchewan has been in office we have reduced our power commission rates by forty-five per cent.

The DEPUTY CHAIRMAN: Order.

Mr. JACKMAN: How much power have you developed?

The DEPUTY CHAIRMAN: Order. The bill before the committee is the Northwest Territories Power Commission Act, dealing with the subject of electric power in the Northwest Territories. I hope the hon. member will confine his remarks to the bill, and if possible to the short title.

Mr. McCULLOUGH (Assiniboia): Thank you very much, Mr. Chairman. If my hon. friends to the right will not try to provoke me into saying other things, I shall keep to the bill.

I was saying it is deplorable that we should be using public money for a certain type of public development, namely, to dig up gold in the Northwest Territories only to have it buried down in Kentucky, when we have so many other fields in which development could be made.

Mr. DIEFENBAKER: I do not wish to follow the remarks made by the hon. member who has just taken his seat, because the record of development by the government to which he referred in opening up northern Saskatchewan has been distinguished by its absence. I had in mind the fact that nothing particular is being done in northern Saskatchewan, and we have vast mineral potentialities there.

The DEPUTY CHAIRMAN: Order.

Mr. DIEFENBAKER: I am coming to the point. There is a provision right in the bill which deals with my point. I refer to section 6.

The DEPUTY CHAIRMAN: I suggest that the hon. member wait until that section is called. We are discussing the short title.

Mr. DIEFENBAKER: I am trying to ask a question, and I find it difficult to do so without letting the minister know the purpose of my question. Anyway, to put the question simply, suppose in northern Saskatchewan mineral resources are available for development, will this power company in the Northwest Territories sell the power necessary for such development to such mining companies in order to assist them in developing their fields? I ask my question because in paragraph (i) provision is made for the purchase or lease of power from, or the sale of power to, any person who operates a power plant within or outside the Northwest Territories. In view of that provision, is the commission to be charged, not only with the sale of power within the territories, but also with the assistance of worthy projects in northern Saskatchewan which today are not being developed because of the lack of power?

Mr. MacKINNON: The commission has power to sell outside the territories.

Mr. DIEFENBAKER: Fine.

Mr. MacKINNON: I am familiar with the development in northern Saskatchewan at Goldfields, where there was a power development serving a mine which was in production for a while, but which I am informed has shut down because of the low quality of the ore deposits. But the power development for which this bill makes provision is to serve an entirely different area, one very much to the northwest and in the centre of a proven highly mineralized area. If there were mining ventures in northern Saskatchewan and elsewhere which required power, I think it would be impacticable to get it from this particular development. It might be possible however, to get the required power from other rivers, including the Lockhart river.

Mr. McCULLOUGH (Assiniboia): Is this power commission being set up mainly because of the requests of interested mining operators in the area?

Mr. MacKINNON: The setting up of this commission is a governmental endeavour to provide as cheap power as possible for the development of mineral areas served by the

commission, and not as a result of particular pressure of any individual or group of individuals.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—Agent of His Majesty.

Mr. DIEFENBAKER: This is one of the sections to which I take exception, because it places the commission in a position of being agent of His Majesty. Is it true that under this section, before any individual whose rights have been interfered with may proceed against the commission, in view of the fact that the commission is an agent of His Majesty the consent of the crown will be necessary before action can be taken?

Mr. MacKINNON: I am informed that the commission can sue and be sued. I believe that answers my hon. friend's question.

Mr. DIEFENBAKER: Provision is made for that in section 3. However, that does not answer my question. Can the commission be sued without the grant of a fiat on the part of the crown? Here is another example of the state going into business. Unless provision is made whereby the state, in going into business, may be sued as can any ordinary person in business an advantage accrues to the state, one which has no place in modern development.

Petition of right was a proper procedure when the principle was accepted that the king can do no wrong. Today His Majesty, in the person of a commission such as this, goes into business and, on occasions, operates to the detriment of private individuals who are denied the right to take proceedings unless petition of right has been granted.

In Great Britain the same condition prevailed until January 1, 1948, when for the first time the crown placed itself in a position of equality with the subject, and the subject may proceed against the crown without the issue of a fiat or without an application through a petition of right. Having regard to the fact that the state today in Canada is in business on every hand—I shall not go over all the types of business in which it is engaged; it is a long record—the day is past when the crown should be allowed to stand in a position of advantage as against the subject in His Majesty's courts.

Mr. MacKINNON: I would refer the hon. member to subsection 3 of section 4. I am informed that a fiat would not be necessary.

Section agreed to.

Section 5 agreed to.

[Mr. MacKinnon.]

On section 6—Powers.

Mr. MacNICOL: Are there any other power developments in operation in the Northwest Territories outside the one now being constructed on the Snare river?

Mr. MacKINNON: I know of none except the Con mine development.

Mr. MacNICOL: That is a nice little plant northeast of Yellowknife and, if I remember correctly, it develops about 10,000 horsepower, or it may be only 5,000.

Mr. MacKINNON: Four thousand, seven hundred.

Mr. MacNICOL: As I understand it, every other potential power site in the Northwest Territories belongs to the crown?

Mr. MacKINNON: Any development by the commission will belong to the crown.

Mr. MacNICOL: From now on, every power development in the Northwest Territories outside the one operated by Consolidated Mining will be under the direction of this commission?

Mr. MacKINNON: While the hon. member was out of the house for a few moments I answered other questions, and I think my replies on *Hansard* will fully answer the hon. member.

Section agreed to.

Section 7 agreed to.

On section 8—Release of former owner.

Mr. JACKMAN: Does this mean that the crown can take over a property by agreement, by expropriation or otherwise? Is there any tribunal which will reconcile an honest difference as to value?

Mr. MacKINNON: I think section 7 fully explains it.

Mr. CASE: This relieves the owner of a property that is expropriated from any obligation to deliver power; but, as far as I read it, it does not carry any obligation on the part of the commission to deliver power in the place of the party whose property has been expropriated.

Mr. MacKINNON: I do not think there will be any question about the commission serving the mining interests.

Mr. MacNICOL: This section reads:

Where any power plant is acquired by the commission with or without the consent of the owner, the commission may by order release the owner from all his obligations relating to the generation, purchase or supply of power from the plant so acquired and the order is binding on all persons.

The only power plant now operating in the Northwest Territories is the privately owned one operated by the Con mine?

Mr. MacKINNON: That is corrcet.

Mr. MacNICOL: That would be the only one which could be purchased by the commission?

Mr. MacKINNON: At the present time that is the only one which would be subject to expropriation.

Mr. MacNICOL: From what I saw I believe that particular power plant could be increased in size. I do not think it would be out of place for the commission to buy that plant and couple it up with the wires they are going to run from the Snare river down to Yellowknife.

Section agreed to.

On section 9—Snare river project transferred to commission.

Mr. CASE: To what extent has the crown or the commission or any other authority developed power resources in this territory up to the present time?

Mr. MacKINNON: Any development that has proceeded has been under the Department of Mines and Resources annual votes.

Section agreed to.

Sections 10 and 11 agreed to.

On section 12—Power rates.

Mr. JACKMAN: On the title I asked the minister some questions which related to power rates, and I wonder if he can give an answer now.

Mr. MacKINNON: The initial rates that will be charged for power are based on the sale of 4,000 horsepower, but it is well known by all who know the district that the 4,000 horsepower will be used quickly and that additional power will be required. As additional power is furnished, the rates will be reviewed and obviously the commission will be able to sell power more cheaply than at the initial stage.

The total charges, including maintenance of the generating or power plant and the main transmission line, which must be covered by the rates charged the consumers in the Yellowknife district and which provide for a minimum fifteen-year amortization charge, will be $451,449. On the basis of a 4,000 horsepower load, this works out to a cost of approximately $112.86 per horsepower, or 1·73 cents per kilowatt hour.

To gain a true picture of the benefits of hydroelectric power for the Yellowknife district, even at this apparently high rate, a comparison must be made with other sources of power. There is only one alternative to hydroelectric power and that is the generating of power by the use of fuel oil. Our consulting engineers estimate, and this is borne out by prices in the Yellowknife area, that the price of fuel oil alone would be three cents per kilowatt hour, and overhead and amortization charges on a fuel oil plant would create a total cost of power of five cents per kilowatt hour. This would be over two and a half times the rate that will be possible from the Snare river plant. It would appear that at the present time hydroelectric power is the only practical solution for the furnishing of power in the district. I do not think there are any extensive coal deposits sufficiently close to this district to provide for development.

Mr. JACKMAN: If on the basis of 4,000 horsepower you can amortize the costs of the initial development by charging $112.86 per horsepower, if you produced and sold 8,000 horsepower your costs would go down substantially; that must follow?

Mr. MacKINNON: That is right.

Mr. JACKMAN: Have you obligations for more power than the 4,000 horsepower contract?

Mr. MacKINNON: They are not concluded, but we believe that there will be further commitments for power.

Mr. JACKMAN: The whole 28,000 horsepower potential development is from the one site on the Snare river?

Mr. MacKINNON: The one unit now being constructed will provide 8,000 horsepower. There are on the same river other sites which can be developed to yield an estimated production of from 28,000 to 35,000 horsepower.

Mr. JACKMAN: But 8,000 is the total development of this one unit?

Mr. MacKINNON: Yes.

Mr. CASE: Section 12(c) provides for:

(c) the establishment and maintenance of a contingency reserve fund in the amount considered necessary by the commission to meet unforeseen or emergency expenditures.

I happen to know that the Ontario Hydro Electric Commission have found it necessary to set up substantial reserve funds; in fact I sometimes think they have too many. Nevertheless I doubt whether one contingency reserve fund will be sufficient for your purpose here.

Mr. MacKINNON: I think the singular includes the plural.

Section agreed to.

Sections 13 to 16 inclusive agreed to.

On section 17—Advances for capital expenditures out of moneys appropriated.

Mr. SINNOTT: I am interested in this section, and I want to commend the government for taking this action to help out the people in that mining district. How much money will be required to complete this project?

Mr. MacKINNON: The total estimated expenditure for this 8,000 horsepower unit is $4,500,000.

Mr. CASE: This section reads:

> The Minister of Finance may, on such terms and conditions as may be approved by the governor in council, make advances to the commission . . .

I do not like that provision. Why not treat the commission as a crown company? If the money is to be taken out of consolidated revenue fund you will never know where you stand. Why not sell bonds as the Canadian National Railways do? The bonds could be guaranteed by the government and earmarked for the development of power.

Mr. MacKINNON: The government is in a position to supply money at a lower rate of interest for this project than could be got by the sale of bonds.

Mr. JACKMAN: First of all, there is to be an appropriation by parliament to cover the capital cost. Will that come before the house later?

Mr. MacKINNON: That is correct. The project has been under construction for a period of two years out of appropriations voted by parliament, which are being continued.

Mr. JACKMAN: That vote was passed two or three years ago.

Mr. MacKINNON: The money has been voted from year to year.

Mr. JACKMAN: So that the only amount which has not been approved by parliament is this $1,000,000 for current expenses, I take it, which will be approved subsequently.

Mr. MacKINNON: When the estimates are approved.

Section agreed to.

Sections 18 to 31 inclusive agreed to.

Bill reported, read the third time and passed.

[Mr. Case.]

YUKON ACT

AMENDMENTS RELATING TO THE GOVERNMENT OF YUKON TERRITORY

Hon. J. A. MacKINNON (Minister of Mines and Resources) moved the second reading of Bill No. 341, to amend the Yukon Act.

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

On section 1—Commissioner.

Mr. MacKINNON: Mr. Chairman, with the permission of the committee it might be convenient for me to make a statement at this time.

The explanatory notes covering the bill are quite explicit; however, I should like to elaborate on some of the amendments. It is proposed to re-establish the position of commissioner of the Yukon Territory in place of the present position of controller. The position of administrator, who acts in the absence of the commissioner, is also being re-established. The positions of commissioner and administrator were abolished in 1918 and their powers are now vested in the controller. The change in the title of the chief executive officer to that of commissioner will bring it back to what it was before, and this position will now have the same title as is given to the similar position in the Northwest Territories.

The bill also proposes to change section 20 of the act to permit an increase being made in the indemnity of members of the Yukon territorial council and as well to provide for their living expenses while the council is in session. There are three members of the Yukon territorial council who are elected for a three-year term to represent the Dawson, Mayo, and Whitehorse districts respectively.

The members of the present council are: R. Gordon Lee, Whitehorse district; Ernest J. Corp, Mayo district; and John R. Fraser, Dawson district.

During recent years the length of the sessions and the amount of legislation which they must consider have greatly increased. In view of this and of the increased cost of living while the councillors are away from home, it is considered reasonable to provide for an increased indemnity to the councillors and for living expenses while the council is in session.

It is proposed to amend section 23 of the act to permit the appointment of a suitable person as public administrator, being a barrister or advocate at the bar of any of the provinces, but who has not necessarily had at least five years' standing at the bar of a

province. The law now requires five years standing at the bar. It has been found extremely difficult in recent years to find a suitable and competent person, a barrister or advocate, particularly one with five years' standing at the bar of any of the provinces of Canada, who would be willing to accept the appointment of public administrator. The few barristers or advocates practising their profession in the Yukon Territory are, for one reason or another, unable to undertake the responsibility of acting as public administrator, and it has become necessary to recruit a barrister.

There is at present no authority in the Yukon Act for the acceptance of holograph wills and, under some of the isolated conditions prevailing in Yukon, this is about the only evidence that certain people can leave of their desires. The acceptance of a holograph will is not provided for in the Yukon Act, but it is in the Northwest Territories Act. It is desired to make the practice uniform, and the bill provides for this.

At present the controller of the Yukon Territory is authorized to administer the oath of office to a stipendiary magistrate. Since the amendments proposed in this bill change the title of the chief executive officer to "commissioner", this power will be exercised by the commissioner and an amendment to the act is provided for this purpose.

The legal officers advise that there is apparent conflict between the terms of the Yukon Act and the criminal code. It is therefore proposed to repeal section 118 of the Yukon Act, because this section has created a conflict in interpretation as to whether, for the purpose of the criminal code in the Yukon Territory, the court of appeal is the Supreme Court of Canada or the court of appeal for British Columbia. It is desired to make it clear that an appeal shall lie, as provided for in the code, to the court of appeal for British Columbia.

It is also proposed that section 129 of the Yukon Act be repealed and a new section substituted. This section refers to the sale of liquor and provides for its importation or manufacture only with the permission of the governor in council. In order to facilitate the administration, it is proposed to give this authority to the commissioner. In the case of the Northwest Territories, this authority is exercised by the commissioner; thus the two acts will be consistent.

Mr. CASE: The minister left the impression that he is reverting to the title which was used some time ago. When was the change made in the title to which he is reverting, and what was the reason for the change?

Mr. MacKINNON: By order in council P.C. 745 of March 28, 1918, the positions of commissioner and administrator were abolished, and it transferred the duties and powers vested in the commissioner and the administrator to the gold commissioner of the Yukon Territory under the authority of the War Measures Act. The next order in council is P.C. 2152 of October 18, 1919. In the meantime the Yukon Act had been amended by the inclusion of section 132, chaper 50 of the 1918 statutes, and this order in council confirmed the abolishment of the two positions and the vesting of their powers and duties in the gold commissioner of the territory.

Order in council P.C. 1481 of June 30, 1932, ordered as follows:

> All the powers and duties vested in the gold commissioner under the provisions of the Yukon Act or any other act respecting Yukon Territory be and are hereby transferred to and vested in Mr. George Allan Jeckell, comptroller of the Yukon Territory under the authority of section 132 of the Yukon Act.

Section 132 of the Yukon Act reads as follows:

> The governor in council may abolish any position or office authorized or created under the provisions of this act, and may transfer to any officer of the crown any or all of the duties or functions of the position or office so abolished, whether any of such duties or functions are defined in this act, or in any other act, or in any regulations made under the authority of this act or any other act applying to the Yukon Territory.

Order in Council P.C. 35/343 of the 20th February, 1934, deals with the superannuation of George Ian MacLean, gold commissioner, and goes on to recommend that the abovementioned position of gold commissioner be abolished with effect from March 26, 1933.

Order in council P.C. 3072 of December 3, 1936, amends P.C. 1481, changing the designation of George Allan Jeckell to controller of Yukon Territory with effect from December 1, 1936.

Section agreed to.

Section 2 agreed to.

On section 3—Sessional indemnity and expenses of councillors.

Mr. BLACK (Yukon): Section 3, which substitutes a new section 20 in the Yukon Act, gives to the members of the elected Yukon council an indemnity of $1,000 a year. Prior to now they have been paid $400, which was very much less than their services entitled

them to. I am indeed glad to see that the department and the minister have adopted my suggestion that the indemnity be increased to $1,000. The present minister's predecessor replied to my letter suggesting $1,000, and asked me why I suggested that amount. My reply was that I considered it an appropriate amount, and that ended the correspondence. I am glad to see that the minister has taken the suggestion and put it in the act.

Mr. COCKERAM: Paragraph (c) of subsection 1 of section 3 provides for a living allowance of $5 a day. That certainly is not enough for that district. It should be increased.

Mr. MacKINNON: My understanding is that that $5 a day is not subject to taxation. If it were subject to taxation, in order to give them a sum equal to $5 a day it would have to be considerably higher than that.

Mr. CASE: Very few expense accounts are subject to taxation. If a living allowance of $5 is not sufficient, taxes should not enter into it at all. It should be sufficient to maintain the councillors in that district. It should be doubled.

Mr. BLACK (Yukon): I must admit that I had overlooked paragraph (c), which reads:

An allowance for living expenses, not exceeding five dollars for each day in which the council is in session, but the amount that is paid to any member of the council pursuant to this paragraph shall not exceed one hundred dollars in respect of any one session.

Usually the meetings of the council do not take more than two weeks, sometimes three. A man cannot live on $5 a day expenses in the city of Dawson where the council meets. It is out of the question. If you gave him $10 he would be put to it to live on that, even if he were living in a modest way. No private member can suggest an amendment, because it would be a tax on publice revenue. In fairness to these councillors, I would ask the minister to make a more appropriate amendment to the act by increasing the $5 to $10 or $15.

Mr. MacKINNON: When this matter came before me I immediately asked questions about this item of $5 a day. I know something about the cost of living in Yukon and in the Northwest Territories. I thought it was a ridiculously low amount, but I was informed that that was the amount recommended by the controller on, I believe, the advice of the council. I have allowed it to stand. I am quite ready to have one of my colleagues on this side move that the amount be made $10.

Mr. JEAN: I so move.

[Mr. Black (Yukon).]

Amendment agreed to.

Section as amended agreed to.

On section 4—Appointment of public administrator and official guardian.

Mr. BLACK (Yukon): It may be that in the war years and in the immediate past the government experienced some difficulty in finding a barrister or an advocate of at least five years' standing at the bar of the province who would take the position of public administrator in the Yukon, but that time has gone by. At any rate, the territory now has a first-class barrister as public administrator. He has been carrying on well and has been for much more than five years a member of the bar of the province of Manitoba. However, if the minister wishes to have this clause go through I do not raise any great objection. I do not think it is necessary.

Section agreed to.

Sections 5 and 6 agreed to.

On section 7—Section repealed.

Mr. FULTON: Perhaps I should know; but since I do not, would the minister be kind enough to say what has been the practice until the present time? Do appeals from the Yukon go to the Supreme Court of Canada, or have they been going to the supreme court of British Columbia?

Mr. MacKINNON: I inquired regarding this matter, because I thought they might very well go to the supreme court of Alberta, seeing how closely Alberta is connected with the administration of Yukon. However, in direct answer to the hon. member's question, I may say that, in the past, cases have been going to the British Columbia court.

Mr. FULTON: This will not change the practice that has been followed in the past?

Mr. MacKINNON: No.

Section agreed to.

Section 8 agreed to.

Bill reported, read the third time and passed.

LAND TITLES ACT

AMENDMENTS WITH RESPECT TO CERTIFICATES OF TITLE, ET CETERA

Hon. J. A. MacKINNON (Minister of Mines and Resources) moved the second reading of Bill No. 334, to amend the Land Titles Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Registration where change of name by marriage.

Mr. FULTON: Will the minister explain this?

Mr. MacKINNON: I may say that the explanatory notes included in this bill are extensive and complete. The eight proposed amendments are of a technical nature. They deal with such matters affecting titles to property as registration of land transfers, lapse of caveats, and limitations on the amounts of land to be included in a certificate of title. New forms are also provided.

The justification and intention of this legislation is to bring the forms and practices concerning land titles in the Yukon and Northwest Territories into conformity with similar legislation in the western provinces. The only new provision in the bill is that restricting the number of lots to be included in one certificate of title. This change is entirely due to the fact that otherwise there would be so many entries on some certificates as to make them unreadable.

The bill also provides that where a woman holding property marries and desires to have the record of her marriage incorporated into the new certificate of title, the registrar is given discretion to decide what evidence he requires in order to grant such a certificate.

The most important provision relates to caveats. Under the present act, a caveat will automatically lapse at the end of three months unless proceedings are under way. By the proposed amendment, the registrar can determine whether a caveat shall be discharged or continued for a definite period.

The changes are suggested in order to simplify the act, assist in its administration and bring its provisions more into line with the practice in the western provinces.

Mr. CASE: I did not quite hear what the minister said in regard to a provision in the bill for the protection of married women.

Mr. MacKINNON: It refers only to the case where a married woman desires to have her name incorporated into the new certificate of title.

Section agreed to.

Sections 2 to 10 inclusive agreed to.

Bill reported, read the third time and passed.

CRIMINAL CODE

AMENDMENTS WITH RESPECT TO DEFAMATORY LIBEL, CULPABLE HOMICIDE, ET CETERA

Right Hon. J. L. ILSLEY (Minister of Justice) moved the second reading of Bill No. 337, to amend the criminal code.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

Section 1 agreed to.

On section 2—Military law.

Mr. POULIOT: Military law may be all sorts of things. It may be the king's regulations and orders. During the war we had the mobilization regulations which were part of the military law and which were concocted by the notorious Brock Chisholm, a Quebec lawyer and a former deputy minister who is no longer in the government. Those regulations were iniquitous and they could not properly be called the law. I protest against that kind of legislation. I hope that we shall be at peace for a long time, but if we are at war in the remote future—and God forbid that we should be—I hope that such hybrid legislation will not again be adopted.

Section agreed to.

Sections 3 and 4 agreed to.

On section 5—What shall be prima facie evidence of neglect to supply necessaries.

Mr. DIEFENBAKER: Possibly the minister might explain the purpose of this amendment. I appreciate what it says, but did some case arise which made this amendment necessary? If so, what was the case and what was the nature of the decision?

Mr. ILSLEY: I am not able to answer the hon. member's question. I am under the impression that this was recommended by the commissioners on uniformity. The section as it stands at the present time without amendment is defective, in that the presumption is rebutted by support for the first month by the man who leaves his wife. If hon. members will look at the explanatory notes they will find they read as follows:

> Paragraph (c) of subsection four of section two hundred and forty-two of the criminal code reads as follows:
>
> "(c) evidence that a man has, without lawful cause or excuse, left his wife without making provision for her maintenance for a period of at least one month from the date of his so leaving, or for the maintenance for the same period of any child of his under the age of sixteen years, shall be prima facie evidence of neglect to provide necessaries under this section."

If support is provided for the first month and never provided again, no presumption is raised by the failure to provide for subsequent months. Therefore the new paragraph reads as follows:

> (c) evidence that a man has left his wife, and has failed, for a period of any one month

subsequent to the date of his so leaving, to make provision for her maintenance or for the maintenance of any child of his under the age of sixteen years, shall be prima facie evidence that he has omitted or neglected or refused without lawful excuse to provide necessaries.

Mr. DIEFENBAKER: Yes, I understand.

Section agreed to.

Section 6 agreed to.

On section 7—Manslaughter—infanticide defined.

Mr. DIEFENBAKER: Experience has shown, of course, the necessity for a clause such as this; for in a great number of cases in which a woman finds herself in the position of having on her hands a newborn child, loses her power of control and the child dies in consequence of some act on her part, over and over again juries have refused to convict, regardless of the evidence. I presume that the reason for the amendment is to make it easier to get a conviction for the offence of homicide short of murder or manslaughter. This gives me an opportunity to ask the minister whether or not any study has been made by any of the officials of the crown as to the deterrent value of the death sentence in the case of murder. Has there been any investigation along that line dealing with the general problem?

Recently in England when the death sentence was abrogated by a majority of the House of Commons, it was only to find that action reversed in the House of Lords; and the person holding a position equivalent to that of the Minister of Justice in Canada was left in a difficult position in consequence. Consideration is now being given in England to a compromise between the commons and the lords, whereby the death penalty for murder will be imposed only in certain cases; that is, where the murder is premeditated or is of a particularly gross nature, as, for instance, in the case of murder by poisoning, or homicide arising out of the killing of a policeman while in the execution of his duty. In view of the fact that something is being done to amend the criminal code by sections, I ask the minister if any consideration has been given to this matter. I have the feeling that taking the code in this manner, and having a kind of selective amendment of it, may cause some difficulties in the future which I think are fairly obvious. But if the decision has been made to follow this course in order to meet certain *ad hoc* matters which have arisen in the last year, and if it is thought that this is the best way of doing so short of a complete revision, naturally I support it. However I feel that a statement by the minister in regard to the matter I have raised would be of some interest.

Mr. ILSLEY: Naturally the Department of Justice took some interest in the recent legislation in Great Britain, but I must frankly say that no investigation has been instituted as to the value of capital punishment as a deterrent. The issue of capital punishment has been debated a great deal. It is always a favourite topic of debating societies. College debates, inter-class debates and inter-collegiate debates have taken place on the subject, and there is an immense amount of literature on it. From statistics I do not think it is possible to come to any conclusion about the matter. Conditions vary from place to place; and I felt that there being, so far as one could ascertain, little demand in Canada for any alteration of the present system, it was clearly not incumbent upon the government to institute a statistical investigation. I felt, as I say, that it would not be possible to arrive at any conclusive results if such an investigation were instituted. So I am not proposing any change in the system of capital punishment in Canada.

Mr. DIEFENBAKER: Where the death penalty is imposed, to what degree is there any investigation subsequently by officers of the crown relative to the rightness of the conclusion of the jury, and as to the advisability or inadvisability of granting a commutation of sentence?

Mr. ILSLEY: One of the most careful—one might say exhaustive—investigations is instituted after a person is sentenced to be hanged, because the governor in council has to pass on every single case, as the hon. member knows. Officials of the Department of Justice read all the evidence and communicate with various sources to find out whether there are any circumstances which would justify clemency. Then the matter is taken to council, with the recommendation one way or the other of the Minister of Justice; and it is then dealt with by council.

Mr. DIEFENBAKER: On any occasion where a trial judge in his personal report recommends that the sentence of death be carried out, does the Minister of Justice ever recommend commutation to the governor in council?

Mr. ILSLEY: I do not believe any general statement can be made on that point. More often the trial judge makes no recommendation one way or the other. Sometimes he makes a recommendation for mercy. I am not prepared to say that in every case that

recommendation of the trial judge is accepted by the governor in council. Certainly I am not prepared to say that, in every case where a jury makes a recommendation for mercy, that recommendation is accepted by the governor in council.

Mr. DIEFENBAKER: That is, a recommendation for mercy.

Mr. ILSLEY: Yes.

Mr. DIEFENBAKER: I know of a case where it was not accepted.

Mr. ILSLEY: Sometimes where there is no recommendation from anyone, judge or jury, there are commutations.

Mr. SMITH (Calgary West): I wish to leave no doubt in anyone's mind, not only that I am in favour of capital punishment for murder, but that I am in favour of capital punishment by way of hanging. It is the greatest deterrent I know of, after some experience in criminal matters.

Then, I should like to ask a question about this definition of the crime of infanticide. What is the reason for it? The minister may have made a previous statement with respect to it. I gather from the section that it applies where there is some doubt about the sanity of the mother who does away with the child. Does it apply only to the mother? Might it not also apply to other relatives? I have in mind a case of infanticide of some years ago where two people were charged with murder. They lived in a district far removed from towns or cities. Apparently this child was conceived prior to wedlock; and these two people, because of fear, distress and talk of the neighbours, did away with the child. In other words, could it not be that the father of the child might be included, or does this apply to the mental derangement of the mother through suffering? Then, is there much of this type of crime? What is the reason for the section? Have we been allowing parents guilty of infanticide to go free? The minister will understand that there is some interference here with the law with regard to insanity, or the rules thereto.

Mr. ILSLEY: My information is that there are cases where the mother kills her newborn child, and that in the normal case of that kind it is useless to lay a charge of murder against the woman, because invariably juries will not bring in a verdict of guilty. They have sympathy with the mother because of the situation in which she has found herself. Therefore crown prosecutors, and those who lay charges, if they are to obtain convictions lay charges of concealment of birth; or a charge that is equal to concealment of birth. Anyone who looks at the section will see that it is really not concealment of birth, but rather concealment of the body. However, this charge is known as concealment of birth. Sentences of a few months, or even shorter than that, are imposed. To a minor extent that brings the law into disrepute, because the offence is murder; that is, unless the woman is insane.

Many years ago in England the crime of infanticide was created by statute. It applies to cases where there is not the degree of mental derangement amounting to insanity.

Mr. SMITH (Calgary West): The minister has in mind Macnaughton's case.

Mr. ILSLEY: It does not go as far as the rule in Macnaughton's case. Those rules were laid down in 1842, or the early part of the nineteenth century.

Mr. SMITH (Calgary West): And never been changed.

Mr. ILSLEY: We have taken the wording of the English statute. Those words are found in section 7, and there are English cases on this section. Therefore we are not without precedent to guide judges and juries in determining the circumstances in which a charge of infanticide is proper. We have placed the penalty at three years. It is purely a matter of judgment; the time may be too short, or it may be too long. I am told, however, that even in cases where manslaughter has been charged and convictions obtained—and I should think obtained quite improperly, because I cannot think how a charge of that kind would have any of the elements of manslaughter—sentences have been rarely more than two years.

Therefore we have set three years as the maximum imprisonment for a conviction on a charge of infanticide. I believe it is correct to say that in that respect the law of Great Britain is different; their law places it on an equal footing with manslaughter. The information we obtained is that, under these particular circumstances where the child is newly born and where the mother has not fully recovered from the effects of giving birth to the child and by reason thereof the balance of her mind is disturbed—

Mr. SMITH (Calgary West): That is a big word.

Mr. ILSLEY: Yes. In view of that, the sentence is never more than a few months, or one or two years, and we think three years would be the proper term of imprisonment for infanticide.

Mr. SMITH (Calgary West): Three years certain?

Mr. ILSLEY: No; three years maximum.

Mr. KNOWLES: I do not wish to prolong what the Minister of Justice has referred to as a high-school debate, but I think there is more interest by Canadians in this question of the possible abolition of capital punishment than the minister realizes. In that connection I should like to support the suggestion made by the hon. member for Lake Centre that an investigation, statistical and otherwise, might well be made by the department. I realize that there are arguments on both sides as to what is the most effective deterrent, along with arguments as to whether or not the present practice is civilized. I think the suggestion that the matter should be studied further is a good one, and I hope the minister will follow it up.

Mr. SMITH (Calgary West): With a Gallup poll?

Mr. CHURCH: Is this the only amendment proposed in connection with murder and manslaughter? The other day I referred to peace officers or policemen who might see a man fleeing on the street after committing probably a minor offence. Such an officer might shoot first over his head, but after that he fires and hits the man. Has the minister considered an amendment which would set out how far a peace officer can go when he kills a man who is fleeing after committing what may be only a minor offence and the police are thus the judge and jury all combined?

I know that some of these officers, many of whom are returned soldiers, are doing fine work. They have to face desperadoes at all times. Some of the police have been sued in the civil courts, and all phases of this matter should be considered and clarified. That is why there should be an amendment made to the code to clear up any misunderstanding. Judges cannot tell what the law is, and some of them differ also about "voluntary statements" in connection with murder and manslaughter. There was the recent case in Hamilton where this point came up. The court of appeal in Ontario has doubts about this matter, as have other judges throughout the country.

Mr. ILSLEY: The law with respect to murder is not being changed by this bill except as it applies to infanticide. I am not sure that I understand clearly the suggestion the hon. member is making with regard to peace officers.

[Mr. Ilsley.]

Mr. CHURCH: Is this the only amendment that it is proposed to bring down this session in connection with murder and manslaughter?

Mr. ILSLEY: Yes.

Mr. CHURCH: A peace officer can kill someone who is fleeing; he automatically shoots, no matter what offence the man has committed. First he fires his gun in the air and then he fires at the man and may kill him, although he may be running away after committing just a minor offence. This amendment to add "or infanticide" may or may not be all right, but there seems to be no effort to clear up the other matter I have raised. The court of appeal of Ontario is wondering what is a voluntary statement made by a prisoner charged with murder or manslaughter, and law courts all over the country differ as well. I think that ought to be cleared up.

Mr. SMITH (Calgary West): If the department is looking into the matter of punishment for the crime of murder, it might well consider the suggestion that a judge be permitted to impose an alternative sentence; I mean that the sentence should be life imprisonment, and nothing less. We know that some murderers are extremely vicious, while others may be closer to the line. I am not suggesting an amendment; but in their deliberations I think they might take that into account.

Mr. ILSLEY: I shall take note of what the hon. gentleman says. Sir James Stephen, in his commentaries on the criminal law, advocates vesting discretion in judges, but it has not been done in Great Britain or here. It places a frightful responsibility on the judge.

Mr. SMITH (Calgary West): I know they do not want it.

Mr. ILSLEY: They do not require that. At the present time the responsibility is assumed by the governor in council.

Mr. SMITH (Calgary West): The Minister of Justice.

Mr. FULTON: After what the minister said about changing the law with respect to infanticide, I hesitate to say anything, but I wonder if he would not give consideration to the suggestion that what is actually being done is to change the law in order to permit convictions being made. From what the minister said I take it the feeling is that the present penalty is such that juries do not convict and that, therefore, the crime is being made subject to a little less severe penalty in the hope that juries will convict. I wonder

if perhaps that is not the wrong principle to follow in amending the criminal code? What you are actually doing is making a crime, which is most shocking if committed, subject to a less heavy penalty. Would it not be better to leave the crime as serious and with as great penalty as at present in the code, and simply let public opinion be the factor which will determine whether juries convict or do not convict?

In other words, why make it a lesser penalty and thus run the risk of encouraging persons to commit the crime? So long as they might be convicted of murder, they would be less inclined to commit the crime, but if they knew they could get a maximum of only three years, those who might be tempted might yield to the temptation to commit the crime. Leave the crime subject to the same penalty as formerly, and then let public opinion, as reflected in the mind and action of the jury, be the factor which determines whether you will have convictions or not.

Mr. ILSLEY: This change in the law was recommended by the uniformity commissioners, which means by the departments of the attorneys general, and the reason they recommended it is obvious. They do not like to have to prefer a charge that does not charge a crime, and that is what they have to do right along. Otherwise nothing happens. They make charges once in a while of manslaughter, but generally a charge of what is called concealment of birth because that is a charge on which they can get a conviction. It is a most undesirable situation that our law should be such that nobody will apply it properly. We are meeting not only public opinion as shown by the indisposition of juries to convict, but also the wishes of experienced prosecuting departments who want a law that is susceptible of application. I do not think there is anything in the suggestion that a slightly deranged, distressed mother will be any more likely to do away with her child because the penalty is three years instead of a greater penalty.

Mr. DIEFENBAKER: If the certainty of punishment or the nature of the punishment were a deterrent there would have been few murders during the middle ages or even up to 1834. In many cases there were varieties of executions. I read the other day of a member of the nobility who was found guilty of murder and sentenced to hang by the neck until he was dead. He thought that was ignominious, so this noble was granted the unusual dispensation by the court of being hanged until he was only partly dead and then cut down so that he could view his own disembowelment.

In cases of infanticide, everyone who has appeared for the defence realizes the fact that the jury, knowing the penalty and realizing that the sentence will ultimately be commuted, do not want to leave an unfortunate woman, who has made a misstep and whose mind is partly deranged, in the position of having to live within the shadow of the gallows until commutation takes place. Any counsel for the defence knows that juries, realizing that the woman suffers and the man escapes, will acquit in most cases, however strong the evidence may be.

Mr. FULTON: Then you should make it no crime at all.

Mr. DIEFENBAKER: The law will either make it punishable with some penalty, or almost every person committing this crime will escape. That I believe is what impelled the minister to introduce this amendment. It is not the best course to be followed; but when the hon. member for Kamloops suggests that a woman in that position, having just given birth to a child, will give consideration first to what the penalty will be—

Mr. FULTON: That is not what my argument was.

Mr. DIEFENBAKER: My hon. friend corrects me, but I took it from what he said that a person in that position would contemplate the penalty. I say that a woman in the condition in which she must be, alone in the world and fearful of the consequences of going out into society with a stigma upon her, does not realize the gravity of her offence until after it is committed. The practice is that, after the jury has made its finding on the murder or manslaughter charge, the woman is brought before the judge and asked whether she pleads guilty to concealment, which usually carries a penalty of six months or a couple of years, and in that way justice is done to some extent.

Mr. CHURCH: This section repeals section 252 of the criminal code. What about hit-and-run drivers committing murder on the highways? I find no provision in this bill to deal with them. Yet it is a straight case of murder. A child is killed on the highway by a car and the driver runs away. It is the most cowardly kind of murder. I have had letters from my constituents and many letters from the public about this crime of killing infants and children on the highway by misuse of the motorcar, often by drunken drivers. If we are going to

open up this section, which deals with murder and manslaughter, we should introduce a proviso leaving it to the jury to decide as to hit-and-run drivers, whether that is not a form of murder or manslaughter. It does not matter whether the child is killed by a pistol or a car; the child dies anyway and the parents have no redress. The driver gets away with it. I know the minister is very busy, but I was hopeful that he would introduce an amendment this session to punish what I consider the most cowardly form of murder or manslaughter by hit-and-run drivers.

Mr. ILSLEY: The penalties for hit-and-run drivers were increased in the criminal code amendments last year. Full consideration was given to that at that time. My hon. friend says it is murder. It is not murder; it is manslaughter, and the punishment is for that if there has been negligence, which in most cases there has been.

Mr. CHURCH: Whether the law covers it or not, it is the most cowardly form of murder.

Section agreed to.

Sections 8 and 9 agreed to.

On section 10—Penalty.

Mr. DIEFENBAKER: This is the post office theft section. Originally it was subject to a minimum of three years.

Mr. ILSLEY: Yes.

Mr. DIEFENBAKER: Then the minimum was removed. We have had two years' experience with that. The minister now asks to have a minimum of one year for these offences of stealing from the mail.

Mr. ILSLEY: Yes.

Mr. DIEFENBAKER: From his experience, has the minister found that thefts from the mail have increased as a result of the deletion of the minimum sentence of three years?

Mr. ILSLEY: I have not the figures as to the increase or possible decrease of thefts from the mails, but the most ridiculous sentences are being imposed. I had the whole schedule before me the other night when I was going over these amendments to the criminal code. Some of them were as low as two hours, and others were eight days. Sentences of that kind are common. This experiment of removing the minimum was not a success. The Post Office Department has now come to the conclusion that they want the minimum restored, but not as high as three years. I think myself it might not have been a bad idea to leave the three years in the code. The trouble was, there was a case, or perhaps a few cases, where persons obviously and manifestly guilty were acquitted.

[Mr. Church.]

The Post Office Department said, "That won't do; take that minimum out." We took the minimum out, and we began to get these ridiculous sentences of a few days.

Mr. DIEFENBAKER: Is that not a pretty good argument for an appeal of these cases by the crown in order to secure a degree of uniformity across the country? When the minimum was removed the magistrates trying the cases had no standard basis upon which to operate. The minister mentioned a sentence of two hours. Was that case taken to the court of appeal?

Mr. ILSLEY: I do not know; I cannot give the hon. gentleman that information.

Mr. DIEFENBAKER: Somebody on behalf of the crown slipped up in not appealing a sentence that was so ridiculous as to shock the public conscience in a direction opposite to that which a sentence of three years for the theft of one letter had shocked it.

Mr. ILSLEY: I do not know that it does. When I went to law school I was taught that there was one thing which was a very serious crime, namely, theft from the mails. I think it is, whether it is one letter or ten letters, or whether it is money or whatever it is. As I say, I have doubts as to whether it was not a mistake to take that three-year minimum out, because the mails must be left alone. There is no doubt about that.

Mr. DIEFENBAKER: That is right.

Mr. ILSLEY: We tried taking it out, and it did not work. We got these sentences. My hon. friend says, "Appeal the sentences." People cannot be appealing all the time. You do not get any consistency in the appeals. The appeal courts may say what I am saying now. It is a serious matter. It does not mean that the courts which try the cases always do what the appeal court says. They will do it now.

Mr. SMITH (Calgary West): I know of one particular case in the part of the country from which I come. Over a period of time the postmistress pleaded guilty to six different offences from the mails and got a mild reprimand. She did not get any sentence at all. I am in favour of restoring some minimum so that our mails can be safe. I consider it wise to leave the three years in. Let us start with one year. A year from now some of us should be back here. If we find an experience similar to that which the department has had recently, then I for one will be here ready and anxious to increase the minimum.

Mr. CHURCH: I wish to call the minister's attention to section 10. I am referring to the part of it which deals with the post office,

stealing from the mails and so forth. I remember a few years ago when the former postmaster general, Mr. Mulock, was a member of the house. I brought to his attention a report issued in regard to the post office, which showed that only about one-eighth of one per cent of those officials, notwithstanding the tremendous volume of business which the post office carries on, did not carry out the law, and stole a few cents out of a letter.

Since the code was established the maximum had been three years, and no minimum was allowed to the magistrate at all. The sentence was automatic. The state did nothing to look after the wife and children of the person who was sentenced to jail. They were left to charity. The minister at that time brought in an amendment which received the support of the late minister of justice. There has been a conflict of decisions by magistrates on what the amended section meant. Some of them gave only thirty days in connection with a theft of a few cents from a letter.

The penalty of a year is altogether too long for a man who steals such a small amount. Out of $15,500,000 which the department gets out of the Toronto post office, it is only a very small amount which comes from the department stores, as I said the other night. You have to think of the family as well. The state should look after the children and also the wife. Very few men are involved in this section. They are automatically liable to a sentence of a year in jail. The sentence should be thirty days or sixty days. There should not be a minimum any more than there is a maximum. Some discretion should be given to the magistrate. He hears all the evidence and has all the facts before him. Most of the sums involved are very small. I am sorry to see men who are employed in a great public utility such as the post office being treated in this way. They have a hard time. They go out in all kinds of weather, winter and summer. No section of the public service is more popular with the working classes than the men who work for the post office. I do not think it is right automatically to send a person down for a year.

It will be noticed that the change in the code does not name the place of confinement. These people have largely been confined in federal institutions instead of near their homes, and the women and children are left to suffer. I thought that at this session the minister would leave it to the discretion of the magistrate, make the minimum thirty to sixty days, and bring in a maximum of a year. Usually, in interference with the mails, small amounts of money are involved. I think the amendment I suggested would be much better. It will help the public service more than a long term like a year, which is a very long time. A man may escape and get two more years added to it. The penalty goes a little too far.

I may say that, after a long fight in the House of Commons, the late postmaster general a few years ago did accept an amendment to the code to that effect.

Section agreed to.

Sections 11 and 12 agreed to.

On section 13—Defrauding the public.

Mr. SMITH (Calgary West): Will the minister explain this section?

Mr. ILSLEY: Sections 12, 13 and 14 are being enacted at the request of the province of Ontario. They are very important sections. In fact they were requested in the past, but it was felt that the abuse that they were directed to possibly did not justify the changes in the criminal law. But the conclusion has been arrived at that now they do. These sections will have to be taken as a group. Section 12 speaks for itself. Section 13 requires explanation.

Mr. SMITH (Calgary West): What does the minister think about the words "written or oral" in section 12? Will that not make it tremendously wide? Somebody will be made responsible for a remark that a taxi driver makes or anybody who is with him. Is that not pretty wide?

Mr. ILSLEY: It may be wide, but I do not think there is much wrong with it. I would draw the hon. gentleman's attention to the explanatory note, which reads:

> This amendment arises out of a judgment in the case of Rex vs. Morgan and Dempsey, 1947 O.L.R. 805, in which it was held that if the statements referred to in the said section were made orally they did not constitute an offence thereunder.

Previously, it would appear, the prosecuting authorities were of the view that the section included oral fraudulent statements, but the courts decided against them and it is considered desirable to amend the section.

Mr. SMITH (Calgary West): Limiting it to these various officers would, I suppose, take care of what I had in mind.

Mr. ILSLEY: Section 13 requires some explanation. It was an essential ingredient of the offence that there be conspiracy. Now there does not need to be conspiracy. The conspiracy sections in the code, elsewhere provided, will, of course, take effect if there is conspiracy. Now there does not need to

be conspiracy. Everyone is guilty of an indictable offence and liable to five years' imprisonment who, by deceit or falsehood or other fraudulent means, defrauds the public or any person, ascertained or unascertained, or affects the public market price of stocks, shares, merchandise, or anything else publicly sold, whether such deceit or falsehood or other fraudulent means would or would not amount to a false pretence as hereinbefore defined.

Mr. SMITH (Calgary West): Why would not the ordinary provisions respecting false pretences cover what the minister has in mind?

Mr. ILSLEY: I am afraid I cannot answer that question, but I would assume that fraudulent statements could be made for the purpose of affecting the market price of shares, which would not amount to the offence of obtaining goods or money under false pretences. That probably would be the case. There is also a special penalty of five years here, while the penalty for false pretences is only three years.

Mr. SMITH (Calgary West): I do not wish to hold up this section, but I am still concerned as to whether or not it is an addition to or a restatement of the law as it is.

Mr. ILSLEY: No. The main part of the section is to do away with the necessity of proving conspiracy. That is the purpose of the section. The wording has all been in the code before, but heretofore the words were "conspires with any other person" to do it. No conspiracy is now necessary in order to obtain a conviction under the section.

The next section, 14, which is part of this group of three sections, is a very important one. It deals with fraudulent manipulations of the stock exchange. It is designed to prevent fraudulent manipulations of transactions on the stock exchanges and will make quite a number of "wash" sales criminal.

Mr. SMITH (Calgary West): I gather that this is also asked for by the province of Ontario.

Mr. ILSLEY: Yes.

Mr. SMITH (Calgary West): I believe there is a stock market in every province. There is one in Toronto. That is the city with the new look. Do they really want to go to such a length?

Mr. ILSLEY: Yes.

Mr. SMITH (Calgary West): They have never failed in any province to obtain convictions under the conspiracy sections with respect to the very things that are dealt with here. I have never yet known the conspiracy sections of the code to fail. If, by a "wash" sale, the minister means that the transaction did not go through at all—and I gather that is what he means—I think that is already amply covered by the criminal code as we have it today. Certain famous cases that went across the country, which I had the honour of instituting out west, were successful, and they were in connection with stock market operations. I am not objecting to tightening up the law, but I am wondering whether we are doing a great deal. I do not think there is anything new in the whole section. We have always found when prosecuting that we had greater latitude under the conspiracy sections than will be afforded under this, as far as bringing in evidence is concerned.

[Mr. Ilsley.]

Mr. DIEFENBAKER: I have always found that when the crown did not have a strong case and wished to introduce a lot of hearsay evidence of discussions that took place among individuals, whether joined together at the moment or not, it invariably charged conspiracy. When conspiracy is charged, statements made by one alleged conspirator in the absence of another are admissible, and the result is that often it is difficult to defend, however good the defence might be, when the charge is conspiracy. I am wondering why the necessity of establishing conspiracy, which, after all, is not a very difficult matter in any case, is being deleted, and an overt act of deceit or falsehood is substituted without the necessity of establishing conspiracy.

Mr. ILSLEY: The conspiracy section can still be used. The fact that you take conspiracy out of this section does not mean that it is not an offence to conspire. That is constituted by the conspiracy sections.

Mr. DIEFENBAKER: I appreciate that.

Mr. ILSLEY: This stiffens the section and renders it unnecessary to prove conspiracy, which it might be impossible sometimes to prove.

Mr. LENNARD: I should like to know whether section 13 is broad enough to take under its wing a member of the cabinet who, at a by-election, makes a statement which affects the public market price of merchandise or anything else sold.

Section agreed to.

Section 14 agreed to.

On section 15—By threats.

Mr. DIEFENBAKER: I think this is a worthwhile section. Some weeks ago I brought up the question of intimidation of people in Canada by threats or suggestions of

threats, through the intimation that wrong would be done to or harm perpetrated upon the relatives of such people in the countries in which those relatives reside. This section, whereby the threat that in Canada or elsewhere violence will be done to any person is made an offence, is one that will go a long way toward strengthening the hands of the enforcement officers. Persons in this country are sometimes subjected to the threat that, unless they give support to communist works or to communist funds, or in any other way assist in the spread of communism, harm will be done to their relatives. This section will cover such a situation. I am glad also to say that the addition of the words "or attempts to intimidate", placing it in the same position as though the full and complete offence of intimidation were perpetrated, will be of great assistance and will uphold the arm of the law in a great many cases throughout this country.

Section agreed to.

Section 16 agreed to.

On section 17—Search in gaming houses.

Mr. SMITH (Calgary West): Will the minister explain section 17? I notice that the explanatory note reads:

17. This section is amended by striking out the words "as defined by section two hundred and twenty-nine" because the definition of "disorderly house" is moved to the definition section.

Is this merely a matter of mechanics, leaving the substance of the law as it is?

Mr. ILSLEY: Yes; that is it.

Section agreed to.

On section 18—Bail after committal.

Mr. SMITH (Calgary West): This amendment is just to correct an obvious error?

Mr. ILSLEY: Yes.

Mr. SMITH (Calgary West): Very well.

Section agreed to.

Sections 19 to 23 inclusive agreed to.

On section 24—Information not objectionable on certain grounds.

Mr. DIEFENBAKER: Is this supposed to cover objections which have been taken from time to time that the information contains a duality of offences or where the offence has been stated in the alternative and the information has been declared defective because of that fact?

Mr. ILSLEY: There is no change whatever in the law. I debated with myself whether I would introduce this amendment. It leaves out the explanatory matter found in the present section. If the hon. gentleman will look at the present section 725, which is set out in the explanatory notes, he will see that in it a most unusual thing is done. An explanation is given, beginning with the words "for example, in charging an offence under section 553 it may be alleged" and so on. The commissioners of uniformity thought that was bad draftsmanship and that it was better to leave those words out. They just clutter up the statute book.

Mr. DIEFENBAKER: It must not restrict the generality of the foregoing words?

Mr. ILSLEY: No.

Section agreed to.

Section 25 agreed to.

On section 26—Dismissal of complaint for assault.

Mr. SMITH (Calgary West): What is the purpose of the words "if requested so to do", in the fourth line from the bottom of the page?

Mr. ILSLEY: The justice does not have to force a certificate on a person who does not want it; that is all.

Mr. SMITH (Calgary West): What is the object of the certificate in the first place? I suppose that has to do with civil proceedings or something of that sort. There is some general law to the effect that if I go into a police court and charge somebody with assault, I may take away my civil rights by so doing.

Mr. ILSLEY: No. Only the words "if

Mr. SMITH (Calgary West): I was wondering if there was any substantial change there.

Mr. ILSLEY: No. Only the words "if requested so to do" were added.

Section agreed to.

Sections 27 and 28 agreed to.

On section 29—Complainant may be bound over.

Mr. DIEFENBAKER: With regard to breach of the peace or threatened breach of the peace, up to the present time the procedure has been for the charge to be laid by the complainant. Then, if the charge is well founded, the defendant is bound over to keep the peace. Now a new section is introduced whereby the person who complains that he has been interfered with, and that threats have been made to him, finds that

when he comes to court he stands in danger of himself being bound over by the magistrate. This is the first time that the complainant, the person who sets in motion the wheels of the law, finds himself in jeopardy as a result of his own act.

This is a section that will require a bit of explanation. I should like to know the background of it. What it actually does in effect is this. It places a person who is threatened—who has had an argument with his neighbour, we will say—in a position in which he may well be fearful of setting in motion the wheels of the law in order to prevent possible further and greater breach of the peace, because, if he does that, he may end up by having registered against himself an order of the court binding him over to keep the peace.

Mr. KNOWLES: For twelve months.

Mr. DIEFENBAKER: This is the most unusual amendment that has been brought before the committee in years. I should like to have an explanation of it.

Mr. SMITH (Calgary West): May I join with the hon. member for Lake Centre in asking the minister to drop this. I know whence it comes; because this has to do, as a general rule, with backyard quarrels—

Mr. ILSLEY: That is right.

Mr. SMITH (Calgary West): —between women whose children throw things at one another's windows and that sort of thing.

Mr. KNOWLES: I thought it was to stop the hon. member and me from quarreling here in this house.

Mr. SMITH (Calgary West): No. That is one of my great pleasures in being here. If the hon. member went home, I would go home with him. I know we all want to do something with regard to the thing I am talking about. On the other hand, with great respect I submit that we should not reverse the traditional procedure, and that the complainant should not be bound over to keep the peace. It must be remembered that, in various parts of this country which are thinly settled, we necessarily have justices of the peace who are not experienced in matters of this kind.

I remember that I once worked for the Saskatchewan government. I was adviser to the justices of the peace of the province, and they never had a worse adviser. But I know some of them were simply terrible, solely because of lack of experience. I really do not think we should take this risk. It might be one of ourselves who was set on by somebody else, and when we came to court we might find that the justice bound both of us over.

[Mr. Diefenbaker.]

Because we went over and complained that somebody kicked our teeth in, I do not think we should be bound over to keep the peace. This is one amendment that might well be dropped. I do not think it is so serious that it should remain.

Mr. ILSLEY: I do not press this. I take the view of experienced members of the bar in the committee. I questioned this amendment myself, but I was told that in many cases a fight or quarrel of some kind takes place between neighbours, and one rushes off to the courts to have the other one bound over to keep the peace. The magistrate sees that the fault is about equally divided, and he says to the one, "Yes, I will bind your neighbour over to keep the peace, but you will also be bound over to keep the peace, and you will both stop it." It will, I think, put an end to a great many unjustified applications to the magistrates. But, as both hon. gentlemen seem to think, it may put too much of a curb on justified applications. If that is the feeling about it, then I am content to drop it. It was recommended by these commissioners as a salutary sort of thing to do.

Mr. SMITH (Calgary West): Both these women may lay charges against each other, so that a magistrate can usually bind them both over, if he so wishes.

Mr. ILSLEY: Then, I shall withdraw it.

The CHAIRMAN: Is it the consent of the committee that section 29(2) be withdrawn?

Some hon. MEMBERS: Carried.

Section 29(2) withdrawn.

Section 29 as amended agreed to.

Section 30 agreed to.

On section 31—Appellant remains in custody or gives recognizance or makes deposit in court.

Mr. CHURCH: It seems to me the government is going very far afield in this section. Apparently the amendment provides for a case where an order has been issued for suspended sentence under section 1081. The headnote of section 31 states, "Appellant remains in custody or gives recognizance or makes deposit in court". Many of these are poor people, industrial workers and others who have no money.

The newspapers have been talking about the remand type of magistrates who wish to have time to make up their minds, and then they depend upon some report, for which I can find no provision in any section of the criminal code. Such a code amendment will

burden the present jail accommodation provided by the municipalities, because it must be remembered that the federal government does not enforce its own law. That is left to the provinces; and the provinces in turn charge it up to the municipalities. It seems to me that we are going very far afield when we take this action in respect of a person who is in custody and who is subject to a suspended sentence under section 1081. Such a person might not have the necessary deposit money with him, or it might not be in the hands of his family.

In England they have what is known as the summary offenders act, where time is given to pay a fine. As a result, half the prisons there have been closed. I can find no reference to that in this or any other section of this bill. I must repeat, however, that the minister is going far afield in this instance.

Section agreed to.

On section 32—Judgment on appeal final.

Mr. DIEFENBAKER. What is the object of the addition of the words underlined in this section? Has not a court at all times been in the position of being the absolute judge of the facts?

Mr. ILSLEY: It means the final judge. The law in the past has been that the court appealed to was the final judge of the facts and law. Last year we provided for an appeal on a question of law from a county or district court judge to the court of appeal for a province. However we forgot to amend this section. We had an appeal on a question of law to the appeal court, and we left in the provision that the court of appeal was the absolute judge of the law.

Section agreed to.

Sections 33, 34 and 35 agreed to.

On section 36—Part XVI.

Mr. DIEFENBAKER: Section 36 covers amendments in sections 771 to 784 inclusive. Over the years there have been large numbers of cases dealing with technical objections to the various sections existing in the code. It was just like adding annexes to the law; the point was finally reached where those sections had no uniformity and no certainty, and indeed they were an incongruous mess.

Was a complete study made of those authorities before these sections were evolved in their present form? It would be quite impossible to deal with these sections and to know whether or not some uniformity had been brought out of the practice which prevailed regarding these sections in the several provinces. Does this restore a degree of uniformity based upon decisions throughout the country?

Mr. ILSLEY: I do not know what decisions the hon. member has reference to. This is, of course, an important procedural change. It adds immensely to the responsibilities of magistrates. This section should not be brought into force unless the magistracy is of a pretty high order in the various provinces of Canada.

In the event that the provincial governments wish to improve their magistrates, they are being given time to do so, because this does not come into force until October, 1949. At the present time offenders may be tried for many offences, whether they consent or not. That includes several indictable offences; and they may be tried by magistrates without their consent. The principle of this amendment is that those offenders must consent. I believe it is true to say that these magistrates may hereafter try the same offences that can be tried by superior, county and district court judges under the speedy trials provisions.

Of course there will be a certain number of important cases which can be tried only by juries. However, there will be some offences here now which may be tried in three ways—that is, by magistrate; by a county, district or superior judge under the speedy trials provisions, or by a judge and jury. So that this streamlines the section. It certainly changes this part of the criminal code in a very important way.

Mr. DIEFENBAKER: What are those important changes?

Mr. ILSLEY: Those are the important changes. In part XVI, at the present time magistrates in towns of over 2,500 population have jurisdiction that magistrates in towns under 2,500 do not have. Then, there are some provisions for cities of 25,000. At the present time the provisions are very complicated indeed. Continual complaints are made about the necessity to ascertain population of a town or city, and complaints about magistrates having jurisdiction in certain municipalities. The important change is that under part XVI at the present time there are indictable offences for which an accused person may be tried by a magistrate, whether he consents or not. He does not have the option of trial by jury. If this amendment is passed, then he could not be tried by a magistrate without his consent. That is an important change.

Then again, these offences, instead of being listed as they are in the present part XVI, are all offences except those which must tried by a jury. Therefore these magistrates will have jurisdiction comparable with that possessed by

county court, district court and superior court judges, the latter in Quebec, under the speedy trials provision. It does two things, one is to restore or provide for the right to trial by jury for all indictable offences, and the other is to extend considerably the jurisdiction of these magistrates, of course by consent.

Mr. FULTON: Does the minister anticipate that more magistrates will have to be appointed?

Mr. ILSLEY: No. I do not know whether it will work that way; it may work just the other way. Prisoners accused of crimes may elect to be tried by juries, instead of being taken before magistrates whether they consent or not, as at the present time.

Section agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Section 37 agreed to.

On section 38—Prosecuting officer to be notified to act where judge does not reside in county.

Mr. CHURCH: It seems to me we are practically abolishing the jury system altogether for many of these offences. The explanatory note says:

> This amendment arises out of an amendment to section eight hundred and twenty-seven by section twenty-eight of chapter fifty-five of the statutes of 1947 wherein the words "having first obtained the depositions on which the prisoner was so committed, if any" were repealed.

I fail to see why the prosecuting officer should be asked to assume such duties as this. There are no institutions available at the present time in the province of Ontario. Some of our prisons were built at the time of confederation. If this is all the law reform we have here, it does not amount to very much. The onus is on the prisoner and on the industrial worker, who have very little funds at the present moment. I fail to see why it is necessary to put the prosecuting officer in charge instead of a county court judge.

Section agreed to.

Section 39 agreed to.

On section 40—When juror dies or is discharged for illness or other cause.

Mr. DIEFENBAKER: This clause represents an endeavour on the part of the Department of Justice to meet a situation which occurs quite frequently when, through illness or death of one or more of the jurymen, trials have been abortive. This section provides that where any member of a jury is, through illness or other cause, unable to discharge his responsibilities as a juryman, the trial may proceed with a reduced number of jurymen, not less than ten in eight of the provinces and not less than five in Alberta.

With the greatest of respect, I cannot see that this section covers the situation at all. First, it merely provides a means whereby in certain cases the trial shall not be declared abortive and the jury be discharged. It requires the consent of the crown and of the defence. If this section is to be worth anything I cannot understand why the consent of the crown and the defence should be necessary. The crown has been able to pick the members it wants on the jury, first by standing-asides, and, secondly, by challenges, either peremptory or challenges for cause, so the twelve men on that jury represent a group, each and every one of whom has been accepted by the crown. The defence is limited sometimes in the case of lesser offences in the number of challenges it may use; four, twelve, and in serious offences twenty challenges. With only four challenged, the jury chosen is sometimes not exactly the jury that counsel would have chosen. But once the jury is chosen, every one of its members has been accepted by the crown and the defence.

My first suggestion is that we delete the words "subject to consent being given in writing by or on behalf of both the crown and the accused." Alternatively I again place before the committee the suggestion I made some time ago, that supernumerary jurors be sworn in; that over and above the twelve jurors in the eight provinces and six jurors in the province of Alberta, fourteen and eight jurors be sworn in respectively, and that, in case of illness of any one of the jurors, one of the extra men becomes a juryman. In that way a number of trials which have been declared abortive during the past year would have been continued to a verdict by the jury. I ask the minister whether he has given consideration to the latter suggestion, and if he has not and does not want to give consideration to it, then let us make this section worthy of parliament so that it will work.

Here is the practical position as I see it. After a trial has been under way for two or three days, counsel for the crown has some idea of the attitude of the jury, and counsel for the defence sometimes has the same idea, although they are never quite so astute as crown counsel in that regard. Suppose that crown counsel has concluded

that the jury's attitude is one of disregarding the cogent parts of the crown's case; is he going to consent? Take the other side. When the defence has seen the attitude of the jury and the attitude has been one not indicating the interest in his case which the defence counsel would like to have seen, will the defence consent in writing if he sees that the jury is against him? Either way I think this section will be just one more section in the code that will not work. If we are not going to make it work I suggest that we delete the requirement that both crown and defence shall consent.

Mr. ILSLEY: I do not think highly of the plan that my hon. friend suggested of having supernumeraries because these extra jurors would be sitting there, devoting some attention to the case; but the chances are a hundred to one, perhaps one thousand to one, that they would not be called upon, and so they would not assume the responsibility they should. I think that proposal should not be favourably considered. The amendment before us is based on the rule that an accused is entitled to be tried by twelve of his peers unless he waives that right. In Alberta the number is, of course, only six. I am told that the section is similar to one in Great Britain and to one in Australia. I am sorry I cannot give any information as to the extent to which this section has been used in those countries. But the fear that my hon. friend has that it will not work because either counsel for the crown or counsel for the accused or both will have some idea of how the jury feels about the case is somewhat surprising. I never knew, or seldom knew, what a jury would do about a case until it did it. I doubt whether most counsel do. I should think that perhaps this will work all right and that we had better give it a try anyway before we take away the many centuries old historic right of man to be tried by twelve of his peers.

Mr. DIEFENBAKER: If what my hon. friend says is correct, that the accused is entitled to a trial by twelve jurors—and by the way, we changed that a few years ago—

Mr. ILSLEY: In Alberta.

Mr. DIEFENBAKER: —we still have six in Alberta; we had six in Saskatchewan—why the necessity of consent on the part of the crown? If it is looking after the interests of the accused and assuring him of a trial by twelve good men and true, why should it be necessary to have the consent of the crown before the lesser jury, or a jury of the remaining members, if illness has struck down one or two? Why the necessity of consent by the crown? What year was an amendment similar to this adopted in Great Britain?

Mr. ILSLEY: I do not know.

Mr. DIEFENBAKER: I am quite interested in that, because I could not find that among the criminal law amendments in Great Britain. I should like to know the year that it was passed.

Mr. ILSLEY: I shall have to try to get that information. I do not know the year myself. I do not know exactly how to answer the first question except, I suppose, that the crown is entitled to have the case tried by twelve, as well as the accused. The system is the judgment of twelve jurors. I do not know that it would be altogether fitting just to make that concession to the accused without giving the same right to the crown. At any rate, that is the kind of legislation they have on it elsewhere.

Mr. DIEFENBAKER: What year was it passed in Great Britain?

Mr. ILSLEY: I shall try to get the information before we cover the remaining sections.

Mr. DIEFENBAKER: A person cannot keep up with this issue. The minister stands firmly that he is going to insist on the amendment to section 40 as it appears in the bill.

Mr. ILSLEY: Yes. I would not feel like changing it.

Mr. DIEFENBAKER: The section stands until we ascertain the year in which Great Britain passed a similar amendment.

Mr. ILSLEY: Yes.

Section stands.

Sections 41, 42 and 43 agreed to.

On section 44—Criminal sexual psychopaths.

Mr. DIEFENBAKER: This is the section dealing with sexual psychopaths. I should like to ask the minister a number of questions in connection with this matter. Why is it that, before any evidence may be submitted to the court that the accused is a sexual psychopath, the consent of the attorney general of the province to such procedure is required? I can see no reason why that consent need be given. This is an endeavour by the Department of Justice to meet a class of offence which is becoming very general. Various suggestions have been made on how to meet it. One is by lengthy imprisonment, which does not reform, and on discharge the offence is re-committed. The other is by psychopathic treatment during incarceration, resulting in a change in the

character of the individual or of his propensity for sexual crimes. But, as the section now stands, no matter whether a person is or is not a sexual pervert, he cannot lead evidence without the consent of the attorney general. The provision that seven days' notice be given is a good and proper one, because, if it were otherwise, evidence might be led that would take the crown by surprise. Let me read the material portions of the section:

When any person is convicted of an offence under . . .

The sections are named.

. . . the court, before passing sentence, may hear evidence as to whether the offender is a criminal sexual psychopath.

Such evidence shall be given by at least two psychiatrists . . . duly qualified.

The court may hear such other evidence as it may deem necessary.

Subsection 4 reads:

Such evidence shall not be submitted . . .

That must refer back to subsection 2.

Mr. ILSLEY: Yes, it does, although it is not too clear.

Mr. DIEFENBAKER: The way it is worded it is not as clear as it might be. I continue:

Such evidence shall not be submitted unless:

(a) the attorney general of the province in which the accused is to be tried consents thereto.

How does the attorney general of the province know what evidence is to be advanced, what the psychiatrists are to say, what the evidence is to be? Before they give the evidence, before they indicate what the evidence will be, the attorney general has to consent to the accused advancing the evidence by which he will endeavour to establish that he is, in fact, a psychopathic sexual offender. I suggest, first, that the attorney general's consent be not required. That in itself might well defeat the purpose for which this is intended. If the attorney general gets seven days' notice, surely that is enough. The accused is convicted of a serious crime. After his conviction, he comes up for sentence. On his behalf a representation is made that he is a pervert and should receive such remedial treatment as is provided for. I say that man should not have to convince the attorney general that he is what he says he is, or his counsel says on his behalf. Those who are to be convinced are the judicial officers. Once the notice is given to the attorney general that evidence will be led, he is in a position to meet it. If you are to require, first, that the sexual pervert has to prove to the attorney general that he is that kind of individual, and convince him before he convinces the court, you may very well defeat the purpose of this legislation.

I think, too, that the definition of criminal sexual psychopath is rather too confined. It is necessary to define what such a person is, in order to establish some line at which treatment may be given the offender. In my opinion the use of the words "uncontrollable desires" widens the scope to such an extent as practically to defeat the purpose for which this legislation is intended. If the criminal sexual psychopath were defined as a person who, by a course of misconduct in sexual matters, has evidenced a lack of power to control his sexual impulses and who, as a result, is likely to attack or otherwise inflict injury, loss, pain or other evil—stopping there—the definition would be wide enough, without the addition of the words, which are unnecessary, "on the object of his uncontrollable desires".

In my opinion, this provision represents the first action on the part of the parliament of Canada to meet a type of offence that is becoming general, a type of offence that creates fear in the minds of mothers and fathers of children who, by reason of residence in cities, are brought into close contact with strangers. Out of this legislation, with psychiatrists receiving training, ultimately I believe this section will have the effect of punishing wrongdoers and protecting the public at large, and I also believe that eventually it will restore many of these wrongdoers, after treatment, to a place in society wherein they may contribute something to the welfare of the country, instead of being chronic recidivists whose crime ends only with their lives.

Mr. ILSLEY: I am inclined to ask that this section stand until a little more thought has been given to the wording of it. The fact that the section has given rise to some of the observations which the hon. member has made indicates that it is not as clearly drawn as it should be. The scheme of the section was simply this. In the first place, there is prepared a list of offences which are named. The section provides that evidence may be given, on the trial of one or more of these offences, that the offender is a criminal sexual psychopath, and the term "criminal sexual psychopath" is defined. If the court finds that the accused is a criminal sexual psychopath the consequences are serious indeed so far as deprivation of liberty is concerned. It is serious in two ways. In the first place, the minimum sentence is two years, and in the second place, the sentence is indeterminate, which means that the accused, if convicted, may be kept in custody indefinitely.

The section was modelled largely on the sections relating to habitual offenders last year.

The consequences being so serious so far as deprivation of liberty is concerned, it was felt that the attorney general, who is responsible for the maintenance of order and the enforcement of law in the province, should consent to action against a person in that way and to the production of these psychiatrists, one nominated by the Minister of Justice, with a view to getting a finding that might land the accused in custody for a great many years.

It was thought that the attorney general of the province should give his consent to that. It was never intended that the consent of the attorney general should be required for other evidence, or specifically for the kind of evidence which the psychiatrist gives. It was merely desired that his consent be obtained to the putting forward of that claim by the prosecuting authorities and the production of psychiatrists who attempt to prove that the accused is a criminal sexual psychopath.

Looking at the section, I think there is enough in the criticisms of my hon. friend to justify a little redrafting, and despite the fact that I should like to get it through tonight, I shall have to give the drafting of it a little more consideration.

The other point which the hon. member has raised, as to the definition of "criminal sexual psychopath", I am willing also to reconsider. My hon. friend thinks it is too confined. Legislation similar to this exists in eight states of the American union, and while the definitions vary somewhat, this is the one which was regarded as probably the most suitable.

Naturally, with regard to this entire method of trying to meet this problem, the important factor which we have not discussed much here is the lack of facilities for curative or remedial treatment. I think the legislation has to precede the establishment of such facilities, and I would hope that the authorities might in some way or another try this out to see whether they get anywhere with it. I am told that the results in the United States are not the least bit conclusive. My hon. friend the other day seemed to think they were.

Mr. DIEFENBAKER: I said, in New York.

Mr. ILSLEY: I listened carefully, and I understood him to say that only nine per cent of those who were released proved to be recidivists. A statement like that does not mean very much under a law whereby you need not release anybody. If you released one person and he was not a recidivist your figure would be 100 per cent. None of them should be a recidivist. They are not supposed to be let out until they are cured.

Mr. DIEFENBAKER: There were over 500.

Mr. ILSLEY: The fact that only nine per cent are recidivists does not mean anything, unless you know a great many other facts, and I am told that the results are not conclusive as to the advantage of this way of proceeding. The problem is, however, of sufficient importance to justify some experimentation here.

Mr. DIEFENBAKER: Where does the minister get the definition of "criminal sexual psychopath"?

Mr. ILSLEY: From Massachusetts.

Mr. DIEFENBAKER: Governor Dewey vetoed the bill in which the definition was very wide.

Mr. ILSLEY: I do not think it was on account of the definition that he vetoed it. In any event, we do not get much help from the experience in the United States. It is at a very early stage. Claims are made for certain methods of treatment and so on, and nothing can be proved. What I thought about this legislation was that it enables certain of these persons to be taken out of circulation at any rate and to be given curative treatment which will lead to their release without their being a menace to society. That is the reason I am bringing the legislation forward. A great deal of thought was given to this matter, and this amendment was the best we could do. But in the light of criticisms tonight, I will take another look at the evidence, and I will take another look at the necessity of getting the attorney general's consent to all the evidence which appears to be necessary under this section. It may be entirely impracticable.

The DEPUTY CHAIRMAN: Shall section 44 stand?

Mr. KNOWLES: I wish to ask the minister one question with respect to subsection 6. Do the words "such disciplinary and reformative treatment as may be prescribed by penitentiary regulations" refer to any penitentiary regulations or arrangements now in effect, or do they refer to something that might be brought into effect?

Mr. ILSLEY: Such as will be made; such as may be brought into effect.

Mr. KNOWLES: In other words, there has been no experimentation along that line yet in Canada?

Mr. ILSLEY: No; not that I know of.

Mr. SMITH (Calgary West): I wish to say one word before the section stands, and I hope that the part dealing with the consent of the attorney general will stand forever. It

seems to me that if, as has always been the case, insanity has been a defence in criminal matters and we can find a verdict of not guilty on the ground of insanity, that provision should be extended, and it should be equally possible to find a verdict of not guilty on the ground of psychopathic impulse or something in these sexual matters. I am sure the minister has been impressed, as have been all the rest of us who have to do with these matters, by the great increase in crimes of this kind, and by the brutality and the bestiality of them. In my own little local area it has come to the point where mothers, for example, are confining their children even in daylight hours, to the homes or the home grounds, if I may use that expression. Therefore I am not for a moment opposing in principle what the Minister of Justice is trying to do. I am all for it, but I am saying that if that right is given to the attorney general to consent, then it is of equal or greater importance that the right be given to the person accused who perhaps is up before the court for the second time. If you talk to them, as the hon. member for Lake Centre has done, I am sure you will find that there is this urge. In other words, I am trying to go to insanity, if you like. I think of the rule that was made in 1842 in the Macnaughton case. At that time we almost thought the world had gone mad.

The Minister of National Health and Welfare has, I am sure, if not an intimate knowledge, at least a better knowledge than have most of us of these things which we have now discovered are largely mental. It is not so long ago since an insane person was chained to a post and thrown raw fish to eat. We have learned a good deal since then, and we have these institutions. It seems to me that sex perverts, or people who are born that way, should have this right. As I understand the matter, there is the homosexual who is just that way anyway. But the pervert, if I understand the definition correctly, is a person who was born properly, who had the natural instincts but who, because of his own fault perhaps, went in that other direction.

I acted for attorneys general for fourteen years in the province from which I come. They are all grand people and all of that, but it seems to me that the accused man should have the right to go out and bring in evidence as to what his mentality is in sexual matters. I think it is a mistake to confine our bill to the consent of an attorney general—who does what? He consults persons who are within his employment. He reads the evidence of the offence. It seems to me that it is rather too much to put up to one man, who is the deputy attorney general in practically all cases, to say whether or not he, an individual, consents to this being done. I think it should be open to both sides to bring in evidence of that kind.

I am not trying to speak so much from personal experience, but I know of people who have been charged with murder, found guilty and hanged, and who, it occurred to me, were under an impulse, an urge or something of that kind which they were quite unable to resist. They were not mentally weak as you would see if you were in ordinary conversation with them. I am glad the minister is having this section stand. Particularly that feature of it should be given further consideration.

May I go a step further along the line the hon. member for Lake Centre discussed the other day? I think the doctors in the house—and I can see two or three of them—will probably agree that we have not gone far enough in psychiatry to delimit those sex impulses which we now know, through practical experience, some people have. If it were possible that curative measures would restore those persons to health as normal human beings, then I would be all in favour of that. But I doubt, as the minister has said, if the evidence today goes far enough to establish that as a fact.

I am anxious that the minister follow up what he said and let this matter stand. We know of no greater problem in crime than this one. Since we have been here, I read about some crime on a lake shore with regard to a man and his wife, where a woman was found in water. No solution has yet been found. It is obviously one of those sex crimes about which we understand so little.

Let us place first the curative idea. On the other hand, let us not leave it to any individual to say whether or not psychiatrists may be called to prove a given state of mind. It will be remembered, Mr. Chairman, that in our criminal courts today a man can be found not guilty on the ground of insanity, without a single psychiatrist being called. I myself have proved that. We all are beginning to think we need expert evidence on that, but we do not. We can get the general opinion of a jury as to whether a person is insane or not. I am thinking more of the curative aspect and of the fairness of the procedure of permitting the accused person to call such evidence, without the consent of the attorney general in a given province.

Mr. ILSLEY: That was the intention of the section.

Mr. SMITH (Calgary West): I agree. I was not being critical at all.

The DEPUTY CHAIRMAN: Shall section 44 stand?

Mr. POULIOT: Before this section stands, let me say I do not see why we have such compassion for people who are unworthy of it. So long as the death penalty exists, I do not see why we should have compassion for these men who act like brutes, who attack young children and who kill them. Why should there be such compassion for them? Is it by virtue of human rights? Why did the hon. member for Lake Centre quote what happened at Westminster recently with regard to death penalties? Death penalties existed in England when England was considered a civilized country.

The hon. member reminds me of a former member from Montreal whose name started with B. That is the only thing I remember about him. Some years ago all he was interested in was the suppression of the death penalty. Every session he placed on the order paper a motion to suppress the death penalty. That member died; the death penalty is still here.

In my view the death penalty is a rampart against crime. I was surprised when I read the bill and saw in it the section giving powers to justices of the peace in respect of cases where persons are about to commit crimes. Does the hon. member for Lake Centre or the hon. member for Calgary West know a justice of the peace who is a mind reader?

Mr. SMITH (Calgary West): I do not; I will answer right now.

Mr. POULIOT: I do not know anyone of that kind. I remember when Senator Roebuck was attorney general of Ontario, and he dismissed ten thousand of them with a stroke of the pen. I say he deserved the thanks of the country for that. It is dangerous to give big powers to persons with no legal information; and when I refer to legal information I do not mean lectures given at universities. I mean contact with men, and an understanding of the men with whom one has contact.

At the present time we treat these criminals just the same as those who suffer accidents when they fall on the street, from a window or from a roof, men who suffer civil damage. These men are a menace to society; why should they be handled with white gloves? They are monsters whom society cannot endure.

I can understand a man who has a quarrel with someone else. That quarrel becomes worse and worse, and finally one man kills the other. That is something which has been understood since the time of Cain and Abel. But to think that one who is supposed to have attained the age of reason would attack a young boy or a young girl and kill him or kill her—why, that is something which reminds one of barbarism, of the barbaric ages. It is worse than what happened in the stone age.

Then we would hear some stand up and be lenient—"Oh, that poor fellow; he is not well!" Or they will say, "He has human rights we must respect." The question of human rights makes some people crazy. "He has human rights; we must respect his human rights!" That man is dangerous to society. Does not the child who is bestially attacked by a much older person have human rights? That child has had human rights since he was born. What about the parents of the child; have they no human rights? But no, we pay no attention to them; we pay attention only to the human rights of the criminal, the bestial criminal offender.

I am surprised that the Minister of Justice, with his sense of justice, has allowed such provisions to enter this draft bill; and I urge upon him the necessity of withdrawing them as soon as he can.

Mr. ILSLEY: Mr. Chairman, just let me disabuse the mind of the hon. member for Temiscouata of any idea that anything is to be relaxed here. The hon. member seems to think some relaxation is provided in this section. On the contrary, a minimum sentence of two years, which does not exist with respect to any of these offences, is provided now by this section. In addition there is provision for an indeterminate sentence which may last for life. There is the provision that the Minister of Justice will review the case every three years.

My hon. friend may rest assured that there is no sentimentality and no relaxation whatever in this section. I want to make that clear to all members of the house. But it would be contemplated that if some course of treatment could be given that would be of benefit to these persons, they should receive it. I do not think there in anything wrong with that.

Mr. COCKERAM: Anybody who is human would do that.

Mr. POULIOT: I am not familiar with streamlined modern law. But according to the law I read when I was a student at law, rape was classed with murder.

Mr. ILSLEY: My hon. friend has a point there, but in an earlier section which was scarcely noticed the punishment for rape has been made life imprisonment instead of

death. But why not? Did my hon. friend ever hear of a capital sentence being imposed in a rape case?

Mr. CROLL: Yes, in Chatham, Ontario, last year.

Mr. POULIOT: Often both offences are committed at the same time.

Mr. ILSLEY: Then the conviction is for murder. However, if we would just let section 44 stand I believe I could produce a draft which would meet the objections and still carry out the original intention of the draftsmen.

The DEPUTY CHAIRMAN: Does the section stand, then?

Mr. ILSLEY: Yes.

Section stands.

Mr. ILSLEY: Let us go back to section 40, which was permitted to stand earlier.

On section 40—When juror dies or is discharged for illness or other cause.

Mr. ILSLEY: With regard to section 40, the English provision is contained in the Criminal Justice Act of 1925, section 15 of which states:

> Where in the course of a criminal trial any member of the jury dies or is discharged by the court as being through illness incapable of continuing to act, or for any other reasons, the jury shall nevertheless, subject to assent being given in writing by or on behalf of both the prosecutor and the accused and so long as the number of its members is not reduced below ten, be considered as remaining for all the purposes of that trial properly constituted, and the trial shall proceed and a verdict may be given accordingly.

Our section is based upon that. I suggest that we should try it.

Section 40 agreed to.

On section 45—Coming into force.

Mr. FULTON: Before section 45 carries, I should like to ask the minister whether he has completed the consideration he promised to give to the question of the suppression of the circulation of crime comics. On June 9 the minister said he would consider the matter and would introduce legislation by way of amendment to the criminal code when this bill was before the house; or that, should he decide that that would not be the proper procedure, he would give his reasons at the time this bill was being considered in committee. To what decision has the minister come?

Mr. ILSLEY: Mr. Chairman, naturally I expected to deal with that, and to deal with it fully, before the discussion on this bill was completed. The other night the hon. member produced a magazine called *Crime* or *Crime Does Not Pay*. I still say that I regard the publication of that particular magazine as a shocking abuse of the freedom of the press. My hon. friend asks that we legislate against that kind of publication. I told him that I was drafting legislation with a view to discussing it with council and that if it was decided to introduce it I would do so when the criminal code was up for amendment. If it was decided not to do so I would give reasons. I should like to read to the committee the section which was drafted for consideration and which is the best the Department of Justice can do in meeting this situation. I want to say that I am not going to introduce it, but I shall give my reasons. For the purpose of discussion and as I assume there is some public interest in the matter, perhaps it should be placed before the committee. The section that was drafted for consideration reads:

> Subsection 1 of section 207 of the said act is amended by adding thereto the following:
>
> "(d) prints, publishes, sells or distributes any magazine, periodical or book which exclusively or substantially comprises matter depicting pictorially the commission of crimes, real or fictitious, and thereby tending or likely to induce or influence youthful persons to violate the law or to corrupt the morals of such persons."

My hon. friend suggested that the Juvenile Delinquents Act be amended, but it would be out of keeping with the generality of that act to select one particular and specific set of circumstances and try to answer them in the midst of that general language. I am advised that this is the proper place to make an amendment if an amendment is to be made. It will be seen that if that section were to be passed, and I cannot think of any other kind of section that would be suitable, there would be several objections to it.

In the first place, it is somewhat uncertain. It would be difficult for any person to know when he published a magazine whether he was violating the law. In the second place, there would be considerable possibility of evasion under that section, because it provides for a publication which is exclusively or substantially devoted to the pictorial depiction of the commission of crime. There is no escape from the necessity that it be exclusively or substantially devoted to the depiction of crime, because otherwise you would be making it impossible for the odd picture of the commission of crime to appear in a book or newspaper. I have seen pictures depicting the murder of Darnley or the murder of Rizzio or the assassination of Thomas à Becket or something like that. It would be ridiculous to

legislate against pictures of that kind, so you have to say "wholly" or "exclusively". The moment you do that, you open up the possibility of evasion, because there could be a magazine, the half of which was devoted to this and the other half to real comics or something of the kind. There would certainly be charges of discrimination. It would be said that we are preventing the publication of this, while we do not prevent the showing of horror features in moving pictures and that sort of thing.

I am merely pointing out the difficulties of drafting effective legislation. I am not making a strong case against the principle of the legislation itself, but I wanted to find out whether it was thought these crime comics actually induced the commission of crime. The representations that we have received in the Department of Justice were practically confined to one province, British Columbia. If we put this legislation on the statute books it will be the responsibility of the attorneys general of the other provinces to enforce it. We shall have to give them a little more time.

The discussion brought up in the House of Commons by the hon. member for Kamloops has brought the matter before the public and there will be some discussion in the other provinces. However I am not satisfied that the matter is at the stage that would justify legislation at the present time particularly, because many persons interested in this matter say there is no evidence, or practically no evidence that the publication of this material does induce the commission of crime.

We communicated with Doctor W. Line, director of the division on research, national committee for mental hygiene, and he sent the following wire under date of June 11, 1948. This was addressed to the commissioner of penitentiaries, because I had asked him to make this inquiry. The wire reads:

> Confirming telephone conversation McCulley-Line this date. To handle this problem at the level of legal banning would be to confess that parents educators and others are unable so to raise the child as to make this kind of material from the child's point of view unnecessary and undesirable. Banning serves rather to distract attention from the real problem of how we educate children in our culture. Organized voluntary action contributing to public education is preferable both operationally and ethically to legislative banning.

Doctor Line also enclosed a quotation from Doctor C. M. Hincks, general director, national committee for mental hygiene, who said:

> It has never been scientifically established that crime or thrill stories either in movies, radio or comics have contributed to delinquency. Prohibiting publication is an admission of failure on the part of the family and the educational system in encouraging the development of wholesome and healthy interests.

Some juvenile court judges and some police officers were consulted.

Ex-Deputy Commissioner Meade and Inspector Regan of the R.C.M.P. are both of opinion that crime comics do not contribute to any appreciable extent to the commission of crimes by youthful offenders. They advise me that they have consulted such leading psychiatrists as Doctor Line of Toronto university who is also of the same opinion.

Judge Harley Mott of the juvenile court, Toronto, says he has no evidence that crime comics are contributing appreciably toward the commission of crime. He says he has no doubt, however, that they have a bad effect, but he thinks it is with the class of boy over sixteen, and he is mainly concerned with boys sixteen and under.

Judge Nicholson and Judge Laramee of the juvenile court in Montreal advise me that they have no evidence that crime comics contribute appreciably toward the commission of crime amongst juvenile offenders. They feel, however, that they have a bad effect, and they are in complete agreement with any measures which would be taken to have them banned.

In talking to some of my friends about this matter, they say: "Yes, ban them, they do not do any good". But I, as Minister of Justice, cannot lightly consider introducing amendments to the criminal code on the ground that a certain thing does not do any good and may do some harm. That would not be a responsible course to follow.

Mr. SMITH (Calgary West): Do not ban my blood spitters; I love them.

Mr. ILSLEY: On the other hand, I have some other letters here which I have not had time to go over. It must be said that very strong resolutions have come in on the other side. I have just received one dated June 7, 1948, from the parents-teachers' association of Victoria, British Columbia, which recites the evils of crime comics and certain other publications dealing with crime, sex, and so forth, and which ends with this:

> Therefore be it resolved that we approach the civic, provincial and national authorities of Canada to do all in their power to enforce legislation to stop the publication and distribution of such publications.

The conclusion I come to, in the division of expert opinion and because of the great difficulty of drafting legislation that would not be open to serious objections, is that we should not try to deal with this matter this session. I would not feel like sponsoring any

such legislation now. I should like to see it given further consideration between now and next session. If it can be established that crime comics are having the effect of an inducement to crime and are causing young people to set fires, stab and shoot and grow up into criminals, they ought to be banned entirely, and I would be fully justified in adding such a provision to the present sections of the criminal code, but in the absence of some agreement among those who have had an opportunity of judging this matter I do not consider that I would be justified in introducing legislation.

Mr. FULTON: I am certain that everyone who is interested in this matter will appreciate the obviously careful and full consideration which the minister and his officials have given to it, but as he has expressed it as his considered opinion that we should not proceed with direct legislation on the matter at this session, I must express my disappointment that it has not been found possible to draft some amendment to the code to deal with this problem. Since the minister has said that he thinks further consideration should be given to the question, there occurred to me, while he was making his statement, one or two thoughts which I think ought to be before the committee and before the country to help determine a proper course of action.

One of the difficulties which the minister said occurred to him in dealing with this matter by way of legislation was a thought advanced to him—I am not certain whether he said it was by a Royal Canadian Mounted Police official or a psychiatrist—that it would amount to a confession of failure on the part of parents and our educational system to cope with the problem. That may be true, but from all those who have spoken to me and from articles I have read I know that parents and teachers are literally at their wits' end to find a solution. They cannot suggest any way of dealing with it and have found no way of dealing with it, to check the growing tendency toward complete absorption in crime stories on the part of many children. They are powerless to prevent the tremendous circulation of these crime comics and think we should have some legislative means of preventing it in Canada, and we should take appropriate action.

The minister dealt also with the difficulty of drafting legislation which would be sufficiently specific to make prosecution possible and yet not be so wide as to include quite harmless publications. That, I think, could be solved by making the question of whether the publication is exclusively or substantially devoted to the portrayal of crime a question of fact to be determined by a jury. Make it an offence to devote a publication exclusively or substantially to the portrayal of crime, and then leave it to a jury of citizens of Canada to determine whether in fact the publication does come within the definition laid down in the section. In that way I think the difficulty which the minister had in mind would largely be resolved.

The minister also dealt with the question of enacting legislation which would be applicable to every province in Canada when the majority of requests for such legislation have come from only one province. But it would be open to the attorneys general of the various provinces to determine whether they should take definite steps under the legislation. If there was a province in which public opinion felt that action should be taken, presumably the attorney general of that province would see to it that certain prosecutions were laid under the section as amended, and if in another province that was not the state of public opinion there would be no necessity for the attorney general of that province to proceed. The legislation would be available for those provinces that wanted it and those that did not, need not use it.

One other point should be before the committee and the country. The minister dealt with the question whether it was a fact that such publications do conduce to juvenile delinquency and criminal offences on the part of young persons. The minister said he had had referred to him an article by Doctor Wertham printed in the *Journal*. It is certainly an authoritative article, and cited instances of groups of children who had re-enacted in their homes or on the streets scenes which they had seen portrayed in these crime comics. That is a substantial proof that children do try to do the same things they have seen pictured in these crime comics. I would refer the minister to another article in a recent issue of *Collier's*; I have not the date of the issue at the moment, but I will supply it to the minister after this discussion is concluded.

After all, this consideration should be borne in mind: we do not hesitate to make it a criminal offence to publish pornographic or obscene literature; yet we do not define specifically in the code what is pornography or obscenity. We leave that to the criminal courts and to the jury. Therefore all we have to do is to make it a criminal offence to publish magazines which, as the minister suggested in his draft, are "substantially or exclusively devoted" to the portrayal of crime, and then leave it to the criminal courts and the jury to determine whether the publication fits that description.

In concluding his remarks the minister expressed the belief that it would be necessary to have further discussions and further representations before finally proceeding to draft and enact legislation dealing with this matter. I certainly hope that the discussion which has taken place in this house tonight and on previous occasions when the matter has been mentioned, will have the result that many representations will be received by the minister, because I am quite certain that when they are received and when the facts which I know will be brought forward by those interested in this matter come to his attention, he will be convinced that it is high time that we did take legislative action to deal with this question.

Section agreed to.

On section 44—Criminal sexual psychopath.

Mr. ILSLEY: I suggest two changes in this section and invite members of the committee who are interested in the section to follow this change. I suggest that subsection 4 be deleted and the following substituted therefor:

> The evidence as to whether the offender is a criminal sexual psychopath shall not be submitted unless at least seven days' notice has been given by the proper officer of the court to the offender that such evidence will be submitted.

That, I think, completely meets the objections which were raised.

Mr. DIEFENBAKER: Yes.

Mr. ILSLEY: That does away with any consent of the attorney general. It makes it clear that the only evidence the notice must cover is evidence that the accused is a criminal sexual psychopath. It does not leave open any question as to the particularity of the notice; it does not leave it that the notice may cover every statement that has to be made in the evidence or anything like that.

Mr. DIEFENBAKER: Before the minister goes on, will he read the amendment?

Mr. ILSLEY:

> . . . unless at least seven days' notice has been given by the proper officer of the court to the offender that such evidence will be submitted.

If that is satisfactory I shall have somebody move the amendment.

Mr. KNOWLES: Just to be quite clear, the evidence referred to in subsection 4 that the minister is now proposing can be given only by at least two psychiatrists, as set out in subsection 2?

Mr. ILSLEY: Yes.

Mr. KNOWLES: That is the sole purpose?

Mr. ILSLEY: Yes, at least two psychiatrists. The other change in the section is in subsection 8. I suggest that the words "the object of his uncontrollable desires" in lines 15 and 16 be struck out, and the words "any person" substituted therefor.

Mr. DIEFENBAKER: How would the section then read?

Mr. ILSLEY: It would read as follows:

> (8) In this section "criminal sexual psychopath" means a person who by a course of misconduct in sexual matters has evidenced a lack of power to control his sexual impulses and who as a result is likely to attack or otherwise inflict injury, loss, pain or other evil on any person.

Mr. SMITH (Calgary West): That makes it male and female, anyway. I think it is a good addition.

Mr. ILSLEY: I ask my colleague, the Minister of Public Works, to move the two proposed amendments.

Mr. FOURNIER (Hull): I move accordingly.

Amendments agreed to.

Section as amended agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

FRASER RIVER, B.C. FLOODS—HOUSING ACCOMMODATION FOR MEMBERS DURING SESSION

Hon. ALPHONSE FOURNIER (Minister of Public Works) moved that the house go into committee of supply.

Mr. JAMES SINCLAIR (Vancouver North): Mr. Speaker, I think this is the proper time for me to make a few remarks on a matter which is of great importance not only to the province of British Columbia but to this country of Canada, namely, the Fraser river floods. There seems to be a fair amount of misunderstanding in this house and across the country about the nature of the floods, to begin with. High water on all British Columbia streams is an annual occurrence, caused by our heavy snowfall and the ordinary run-off in the spring. As a consequence of that, we have flooding in all our major streams every spring.

That very occurrence of flooding, which causes a rich alluvial deposit, has made the bottom lands and the delta lands extremely valuable farm lands. Therefore we find that the farmers, despite that flooding, have chosen these great lowland areas, and to protect themselves against these floods, have constructed dikes. These dikes are mainly of

local construction, either constructed privately, by municipalities or by the province. Such ordinary floods, therefore, cannot be classed as any concern of the federal government. They are matters of local concern.

The Fraser river flood this year, however, is a very different matter. There are three factors which have combined to make the flooding of the Fraser river and its system a catastrophe almost unequalled in the history of British Columbia. On all our four principal mountain ranges, the coast range, the Cascades, the Selkirks and the Rockies we had an unusually heavy snowfall. That in itself would have resulted in a very substantial run-off. Secondly, this year we had a very cool slow spring. There was very little warm weather to begin the process of melting snow, so that the river could take an ordinary run-off of this water. Thirdly, three or four weeks ago we had an unusually hot spell of weather, the temperature going to 80, 90 and almost 100 degrees in the interior of British Columbia. Any of these three factors would not have resulted in the floods we have had; but all three of them coming together have resulted in a situation which has not been equalled since 1894. As a consequence of this combination of circumstances, we find that almost the entire Fraser valley, and large portions of the delta area in the riding of New Westminster, are under three, four and five feet of water.

Attempts have been made to apportion the blame around. I do not think blame can be laid to anyone. If ever there was an act of God it is the combination of these three factors happening at one time. It is quite true that if the dikes on the Fraser river had been bigger more land could have been saved. But I am quite sure that if two or three years ago either the local diking commission, the municipalities affected, or the provincial government had told the farmers that they were going to build another six feet upon the present dikes the farmers would have protested most strongly. They would have said it was unwarranted, that the present diking taxes were too high anyhow, and they could have asked where the extra money was to come from. The old-timers, who have been there for fifty years, would have said the new height was unnecessary because they had never seen the water that high, which would have been true.

There has been the charge, too, that this unusual run-off was the result of heavy logging. I do not think that can be borne out. On the coast of British Columbia itself many of our smaller streams do have a very fast run-off in the spring because the mountain sides have been denuded of trees by heavy logging, but that is not true of the great inland tributaries of the Fraser where there has been little logging.

The hon. member for Fraser Valley (Mr. Cruickshank)—he is out in the Fraser valley—in his eight years in parliament has repeatedly drawn attention to two or three factors where the federal government has some responsibility as far as the Fraser river is concerned. In the first place, he has repeatedly called the attention of the house and especially of the Minister of Public Works, to the necessity of a large-scale program of dredging in the lower stretches of the Fraser river. The Fraser river is an exceedingly long stream. It is 800 miles long, with thousands of miles of tributaries, but it is only in the last 100 miles that it is navigable in the ordinary sense, where it pours through the Fraser river canyon at Hope and suddenly opens out into the Fraser valley, and further down into the delta of the Fraser river.

The river in the olden days was navigable as far as Yale, but in recent years what little dredging has been done by the federal government has been done only in the lower stretch between the sea and the city of New Westminster. The upper fifty miles, where the flooding is so bad, has been almost untouched by dredges.

The Fraser river is fed by glacial streams. The glaciers grind off a fine rock powder which forms glacial mud in the streams, and this is carried down the river. When the speed of the river slackens in the lower valley this silt or sand begins depositing on the river bottom. The dikes so far have been built by using earth off the farms, and the same situation has been developing there as has developed in the Mississippi valley.

The dikes on land are built higher and higher; the river keeps piling up silt on the river bottom, and finally we get a situation where the river is higher than the surrounding land.

The hon. member for Fraser Valley has pointed out on several occasions that the obvious way to build dikes is not to use land from farm lands but to send a dredge up the centre of the river channel, deepening the channel and using that material to build dikes on the sides. Certainly I would suggest that any program of rehabilitation of the lower stretch of the Fraser river must include such work.

I can tell the minister that if the Fraser river had the same amount of money spent on dredging it as has been spent on the

St. Lawrence, I am quite sure that the people out there would rest more easily at night. The channel being deepened and the material dredged being piled on the sides, the dikes could be constructed without the use of earth from farm lands.

Two years ago the hon. member for Fraser Valley raised another point with reference to the Canadian Pacific railway. There is a railway bridge crossing the river at the town of Mission, and he charged that the Canadian Pacific were dumping stones over the bridge to protect the abutments and the bridge piers against spring flooding. The hon. member for Fraser Valley pointed out, as did the engineers, that such a course was wrong, because any additional obstruction in the river, such as these rocks, meant a backing up of water and the additional silting of the stream, with a resultant increase in deposit in the river bed.

The wise thing was to dredge the centre channel deeper to let the river run there rather than to build up obstructions which aggravated the conditions, and how right the hon. member was has been proved by the fact that the bridge was carried away and that the worst of the flooding occurred just above the Mission bridge, in the Matsqui and Hatzic areas.

A third point the hon. member raised about four weeks ago in this house was the matter of the two railways escaping their rightful responsibility as far as these dikes were concerned. The dikes are paid for by a substantial tax levied on all farmers who are protected by these dikes, but both the Canadian National Railways—our railway—and the Canadian Pacific Railway Company have avoided the payment of the tax. They have declined to pay any diking tax despite the fact that their lines run behind the dikes.

Both railways claimed that their lines were above the flood level. Today, however, we see that both railways are cut off, and the current estimate is that it will cost the Canadian National Railways $7,000,000 to replace their line of railway through the flooded area, and the Canadian Pacific Railway Company is faced with an expenditure of at least $1,000,000. If any evidence were needed as to whether these lines are above or below the flood level, hon. members need only go into the reading room in this house and look at the Vancouver newspapers, and they will see many pictures of railway lines in the flooded area that will convince them.

The government has a responsibility henceforth, at least so far as the Canadian National Railways are concerned, to see that our railway system pays its fair share of the diking tax.

Having said these things, I wish, on behalf of the people of British Columbia, to say a word of strong commendation of the very fine way in which the federal agencies in British Columbia pitched into the battle. The army, the air force and the navy, all three services, have done a magnificent job which has won the admiration of all the people of British Columbia. Each has been excellent in its own way. It shows clearly to some people, who were very much against military establishments, the value to a country, even in peacetime, of having a well disciplined, well organized establishment, with first-class machinery at its command.

The way in which the navy, from Esquimalt, went up the river with all ships it could muster for the relief of the people, to remove them and their livestock, and to help in building up the dikes; the way in which the army and the reserve army did their bit; the contribution which the air force made in flying sandbags and relief supplies for the people of the flooded areas, have filled the people of British Columbia with admiration. They are extremely proud of our armed services, and I am quite sure that, in the years which lie ahead, many people, remembering this, will advocate the maintenance of such services for internal emergencies as well as in any external crisis which may arise during war.

The public works engineers centred in New Westminster, under the district engineer, Mr. Morton, have rendered an exceptional service. They had the engineering know-how, and, more than that, they have had fortunately a fair amount of equipment. The hon. member for New Westminster mentioned the great services rendered by the civilians. There were some days during which 25,000 civilians from Vancouver were on the scene doing all they could, filling sandbags, and doing their best to help their farmer neighbours who were in such distress.

The people of British Columbia have been exceedingly pleased with the immediate offer of assistance made by the government through the Prime Minister (Mr. Mackenzie King). The offer to share in immediate relief costs, 50 per cent by the federal government and 50 per cent by the provincial government, was most gratifying. Better still was the offer of 75 per cent federal to 25 per cent provincial in the building of new and proper dikes and pumping systems.

This flood has taught the people of British Columbia one lesson, namely, that the only good dikes are dikes of the type built in Holland—a broad dike with a double roadbed on top. These are the British Columbia dikes that held best because, when the breaks

occurred, trucks loaded with rock and sandbags can cross in a never-ending stream, whereas, in the case of dikes constructed with a single roadbed, traffic is impeded and cannot flow over in the same way. On the small dikes it was necessary to employ a system somewhat after the fashion of the Chinese coolie method, whereby individual men carried sandbags on their backs.

In the end, it will be necessary, so far as the 200 miles of dikes are concerned, to construct broad dikes with a gravel roadbed on top.

The next part of this question to which I wish now to call the attention of the house refers to the statements which the Prime Minister made on June 9, in which there appear these words:

> The costs of rehabilitating the areas affected by the floods to be settled by subsequent agreement between the two governments . . .

The peak of the flood is over and the question of temporary repairs will soon be settled. The question of long-range planning of new dikes and controls and building them need only be finished by flood time next year, but the third point is an important one, that is to say, the point of re-establishing on the farms of the Fraser valley as soon as possible those farmers who have been displaced by the flood.

Immediate announcement of such a program would do a great deal for the morale of the farmers. Most of the farms were established by the present owners or by their fathers or grandfathers as a result of great effort. The land in British Columbia is not easily cleared, and in two or three nights the farmers there saw the work of thirty, forty or fifty years swept away. They are now housed in quarters provided by the Red Cross in New Westminster and Vancouver, and they are wondering how and when they will get back to their farms and, above all, how in the world they will face the coming year.

At the moment the estimate of the loss in crop this year is $25,000,000. The main crops—strawberries and raspberries, about which this house has so often heard from the hon. member for Fraser Valley—are almost completely lost. Hay and grain, vegetable crops are destroyed, and livestock have been lost or dispersed. Valuable equipment including barns, machinery, houses and so on, have been completely ruined by the flood.

Some program must be worked out eventually, and it would be well if an announcement could be made without delay as to what the farmers can expect in immediate financial and material aid. There must be planning in order to get the farmers back on the land; what crops are still possible this year. There must be assistance to the farmers so far as their cattle are concerned, because the Fraser valley, as well as being the great berry district of British Columbia, is also a great dairy section.

Provision should also be made for feed grain for their cattle and poultry over the winter. I think an immediate announcement of such a program would do a great deal to restore the morale of the farmers. I also think the implementation of such a program will save us a great deal of money in the end, because if we can put these farmers back immediately with enough financial assistance to carry themselves with one crop for this winter, they will be that much more ahead, and then our program of relief for the wintertime will be so much less.

The question of the control of the river by dams is, I believe, one that has been mentioned in the house. In this connection it is interesting to notice the effect of dams on the Columbia river. As most hon. members know, the Columbia river starts in British Columbia, goes around the big bend and then winds up in the United States, flowing between the states of Washington and Oregon. Two of the three biggest dams in the world are on the United States part of the Columbia system, namely, the Grand Coulee dam and the Bonneville dam. Yet, despite those tremendous dams, it was impossible in any way to check this tremendous flood down the Columbia river. Actually the losses on the lower part of the Columbia river were even greater than they were on the lower part of the Fraser river. It is perhaps questionable whether any effective system of flood control in the Fraser river watershed could be devised which would completely control such an unusual combination of circumstances as were met with this year. Undoubtedly such a system of dams would help a great deal in relieving the effect of ordinary spring freshets which we have every year, and in reducing even our present flood damage to a minimum.

This country has done so much for the distressed people of Europe that I think the people of Canada expect the federal government and the government of British Columbia to do just as much, if not more, for these Canadian farmers who have had such devastation wreaked on them so quickly. I would suggest to the government that this third part of the program announced by the Prime Minister, the actual financial details of what aid is to be provided and how it is to be provided, should be announced as quickly as possible. I say that should be done, not only to reassure the farmers of the Fraser valley but also to reassure the people of Canada.

In this afternoon's mail I had an interesting example of just what this means to those

people of Canada who are outside the flood area. I have a pulp and paper town in my riding, Powell River, 100 miles north of the Fraser valley, whose people are as far removed from the farmers of the Fraser valley in every way as any city dwellers. Nevertheless the union there, 1,500 strong, had a meeting; and at that meeting they, first of all, put their own house in order by voting one day's pay from every man to the Red Cross for relief. That is a substantial sum, running from $8 to $20 a man. Having thus established their right to speak about financial aid, they put themselves right behind this threefold program. First of all, they said, the important thing is to re-establish the farmers. Second, they have a suggestion, which the income tax department can review, that the farmers' income tax for this year be waived. They say they have enough troubles without being bedevilled by the income tax people. However, I imagine most of them have already paid their income taxes. Third, they ask for this long-range program of proper diking and flood control.

Hon. members, too, have shown the greatest interest. I am sure that every British Columbia member—and I know at times we are rather obstreperous about our problems—has been very grateful of the way in which hon. members from every part of Canada have evidenced great interest in this unusual disaster which has befallen the richest and most lush farm land in British Columbia.

So I will close by again urging that the third part of the program announced by the Prime Minister on June 9 be immediately implemented and the farmers of the country be told quite clearly what program of re-establishment and rehabilitation is to be commenced by the two governments.

Mr. E. D. FULTON (Kamloops): I know, Mr. Speaker, that the house has listened with the greatest of interest and appreciation to the illuminating and constructive address just given by the hon. member for Vancouver North (Mr. Sinclair). It was illuminating in that it dealt with the circumstances of the flood this year, and it was constructive in the steps which he has suggested to the government that they might well take to re-establish the farmers of British Columbia and of the Fraser valley area.

However, certain matters were not covered by him. In addition to the points mentioned by the hon. member for Vancouver North, there are certain questions on which I think the people of that province would like to hear a statement from the government. First, they would like to know whether the relief to be afforded by the federal government will be extended to the portions of the province which have been seriously damaged, but which do not lie in the Fraser river delta. This question was not covered by the Prime Minister (Mr. Mackenzie King) in the statement which he made on June 9, which was referred to by the hon. member who has just spoken. The Prime Minister's statement covered exclusively relief and rehabilitation in the Fraser river valley. When I asked him whether the same principles would apply to the rest of the province at the other points which have been damaged he said, as reported at page 4936 of *Hansard:*

> My statement relates to floods in the Fraser river valley only.

Then I asked him whether discussions were under way or whether they had been held with respect to damage occasioned in other areas. He replied that other areas had been considered and that "matters with respect to them are still open." So that the people in the interior of the province, from my own constituency in the valleys of the Thompson rivers, in the Nicola valley, at Lillooet on the upper Fraser as well as in the Kootenay districts and the towns of Kimberley and Trail and to some extent also at Revelstoke where damage has been occasioned or is imminent, would very much like to know immediately whether the same terms for the prevention of floods or damage in the immediate future, the rehabilitation of the flood works and especially relief and compensation for damage suffered will be extended to those other areas of the province as are now being applied in the Fraser river valley. I agree wholeheartedly with the hon. member who has just spoken when he says that point three of the Prime Minister's statement, the relief and compensation to be provided, should be the subject of an announcement in the immediate future. But I urge that the rest of the province is entitled to this same full consideration and is entitled to know the details of that consideration in the same measure as received by those in the Fraser river delta.

The other point on which the people of our province would like to have some assurance relates to what is, as the hon. member for Vancouver North pointed out, a less immediate problem, but it is still one of some urgency. They would like to know what steps the federal government will take in conjunction with the provincial authorities to prevent the repetition of such disasters in the future. The hon. member for Vancouver North has, I will not say belittled the construction of dams, but he has said that their construction would not prevent floods, and he has cited the two dams on the Columbia river. I agree with him that the construction of dams alone, well

down on the river's course as those dams are, certainly will not prevent such unusual floods as we have had this year. But I suggest that a program of construction of dams back at the head waters of the rivers, many of which rise in lakes where the raising of the level of the water by only a few feet would dam off a vast body of water, would go a long way toward preventing this sudden run-off with its disastrous consequences, such as we have had this year. I think some such program must be undertaken in British Columbia. I would call to the attention of the house the fact that the Minister of Agriculture (Mr. Gardiner) is reported in today's press to have spoken in Saskatchewan in glowing terms of the enormous dam which is to be constructed with federal funds on the Saskatchewan river. We in British Columbia for some years now have been asking that the same terms and the same treatment be extended to our province as is given to the prairies by the federal government under the Prairie Farm Rehabilitation Act or any other agency and as is now being given in a slightly different manner, but in the same general program, to the maritime provinces. We would like to have the assurance which the minister has just given to the people of Saskatchewan that federal funds will be provided for flood control and similar projects in our province and on the same scale as they are being given there.

I say those two points, in addition to the point covered by the hon. member for Vancouver North, should be included in any statement which is made by the government and which, with him, I hope will be made in the very near future.

Mr. A. L. SMITH (Calgary West): Mr. Speaker, I am not going to discuss the subject which has been raised, except to say that I could not agree more with anyone than I do with the two British Columbia members who have just preceded me this evening. I am not even going to make a plea for the town of Drumheller in Alberta, which was flooded out, or the town of Emerson, Manitoba. What has happened in British Columbia has assumed the proportions of a national disaster, and Canada must take its full responsibility, having regard to the proportions to which that disaster has attained.

I assure you, Mr. Speaker, that in what I am now about to say I shall not waste the time of the house. I had intended saying this when the estimates of the Minister of Public Works (Mr. Fournier) were before the committee. However I have decided not to wait until that time, first, because I do not know when those estimates will be before the committee, and for the additional reason that the minister is now in the house.

I intend to discuss the problem of housing —and I do not want you, sir, to be shocked for one moment. I am not going to talk about any general policy of housing in Canada. Rather I am going to talk about the matter of housing for members of parliament who do not live in Ottawa. Some of us come from quite some distance. I know my own personal experience has been that for two years my wife and I lived in a hotel bedroom. Even with your wife, there is not much room to circulate when you have only one room. I did not have two rooms, because I could not pay for two.

Last year I was in an apartment block. We paid $165 a month for two bedrooms and a sitting room, without a kitchen. This year, after much chasing about, and after my having paid $50 for breach of contract with respect to one place which—

Mr. BRYCE: Mr. Speaker, on a point of order, the hon. member is speaking on a subject not related to flooding. If anyone now attempts to speak about the flood conditions will Your Honour rule that he has no right to speak on that subject, now that a new subject has been introduced?

Mr. SPEAKER: I must call the attention of the house to citation 345 in Beauchesne's Parliamentary Rules and Forms, which states:

> Members may discuss various matters on the motion for the Speaker to leave the chair, without any amendment being proposed, but once—

And I call the attention of hon. members to this:

> —debate is stopped on one matter, and another matter intervenes, members cannot again discuss the former.

That is the rule.

Mr. SMITH (Calgary West): May I do what I can to rectify the matter, so as to permit the hon. member to proceed?

Mr. SINCLAIR: Go on.

Mr. SMITH (Calgary West): I did not mean to hold anyone back.

Mr. BRYCE: I am only protecting any hon. member who might wish to speak about the flood conditions, because I know from reading Beauchesne that under the rules they would not have the right to speak.

Mr. SPEAKER: If the hon. member has unanimous consent, then, of course, he can be permitted to go ahead.

Some hon. MEMBERS: Go on.

Mr. SMITH (Calgary West): Then I shall detain the house for only a very few minutes longer. I am not suggesting for one moment the expenditure of money of the Dominion of Canada for the financial benefit of members of the House of Commons. What I am proposing is this, that the scheme should be completely self-liquidating. My suggestion is —it is definitely and seriously made; and it may not help some of us older fellows; that is perfectly true—that we should have some housing, without all this nonsense which we have to go through when we come here to Ottawa. We should be charged rentals sufficient to carry the thing, and to liquidate it over a period of years.

I know this cannot be done at once. My thought is this: why can we not begin with one block of flats? For example, a man and his wife would want two bedrooms, a kitchenette and a living room, and that is all. Let us pay for it for the months we are not here, if necessary. But sir, with the greatest respect I do say that those of us who come from distances and who bring our wives with us require accommodation. For example, this year with a stroke of good luck I have a small house. I should say the hon. member for Calgary East (Mr. Harkness) got it, and our two families are sharing it. I admit I could not have better joint tenants in the world than these two people.

But to my mind it is just complete nonsense to ask us to come here without accommodation—and, of course, nobody asked us. We ran elections, and then we had to come. I do not mind admitting that before I came here in January I sold the house in which I had lived for something more than twenty years. I had to do that. Why? I could not close it up; if I had, the newspapers would have been full of letters saying that, in view of the housing shortage, for closing my house I should be hanged, drawn and quartered at dawn. And probably that would be right.

I had rented the house. But, even in the case of renting it to friends, those friends had children, and some of the furniture which probably we were proud of—well, it came out second best in the struggle.

I do not want this laughed off, because it is a suggestion well worth consideration. We could experiment, anyway. Let us, for example, consider some of the members whose wives are not here. Why not give them a place where they could have single rooms, baths and kitchenettes. Make them pay for that accommodation. But let us have a place here where we can anchor.

Has anyone ever thought about those of us who come from distances; have they thought about what we have to do? We have to move all sorts of truck back and forth. There is no place where we can store it—unless we place it in storage. Sometimes we do that. I am not talking about the money angle of the matter; I am talking about the bother.

We are now sitting in Ottawa for about six months each year. We are now all rushing to see if we can get accommodation on the trains to go home. I have tried to get accommodation for the 23rd, 24th, 25th, 26th and 27th—accommodation for myself on the main line trains.

Mr. HOWE: Try the air lines.

Mr. SMITH (Calgary West): I am unlike the minister, because I hate flying. He loves it, because he gets a degree at the end of every trip he takes. So he ought to love it. But, so far as flying is concerned, with me flying is out. I came east twice on big planes. But I started that too late in life, because when the plane went down I lifted it up; when it rolled this way I pushed it back that way. I was never so busy in my life, never worked so hard—and I had to cancel all my appointments next day.

I admit I am a coward—but I am through with flying. I will not do it any more. It is all right for young fellows like the minister—particularly with the rewards he gets at the end of each trip. So, that will do, so far as the flying part of it is concerned.

I now close with this simple statement. I think there are many hon. members who come short distances who would like single rooms where they could leave their baggage if there was an Easter holiday. Then they would not have to give up their rooms in the hotels. But certainly those of us who come from long distances are entitled to something which would not cost the people of Canada a cent. Every time we get a little raise in pay, which incidentally does not even compare with the rise in the cost of living; every time we get anything of that sort there is a holler. So far as I am concerned, let them holler. But they would have no holler, because I would charge sufficient money that there would not be a burden of one five-cent piece upon the treasury of the Dominion of Canada.

I do not suggest that the minister can do a great deal this year, but he can give my suggestion consideration and let us have his well considered views when his estimates come up. If he does not do that when he comes to bat before this House of Commons I am going to start recruiting around here to see what we can do to give him a rough ride.

Hon. ALPHONSE FOURNIER (Minister of Public Works): Mr. Speaker, I was quite

surprised at this new idea advanced by the hon. member for Calgary West (Mr. Smith).

Mr. SINCLAIR: They do it in Washington.

Mr. FOURNIER (Hull): They may. There is something in what the hon. gentleman says about the government providing housing for members of parliament. The hon. gentleman says that when he comes from afar to Ottawa he has trouble in finding a flat or an apartment or a house. That condition exists all over the country, not only for members of parliament. There are a lot of other people who complain, and perhaps with reason.

Why the hon. member undertook to ask me to put up houses for members of parliament I do not know. We have never had any such problem to handle in my department. Perhaps it is a question that could be studied by the architects in the department, and then perhaps we could get a consensus of the members of the House of Commons to see how many would agree to that suggestion. I do not know whether a majority would want to be directed to lodgings when they come to Ottawa. They would hardly have a choice if it was to be a compulsory system. If it is to be on a voluntary basis, then we would want to know whether we could rent these houses to other people or whether the members of parliament would be segregated. We would have to make quite a study of this new idea.

Mr. SMITH (Calgary West): I was referring to flats, not houses.

Mr. FOURNIER (Hull): Apartments or flats. However I was drawn into the discussion and I shall consider it. The hon. member has directed his suggestion to the Minister of Public Works and has said that if it is not considered seriously my estimates will get a ride. I am always ready to be ridden, if that is what he means.

I do not know whether he has addressed his remarks to the right minister. There has been a lot of housing under government control since the war and I have not touched any of it. Perhaps the suggestion should have been addressed to another minister, but it may be that the hon. member has made so many suggestions to that minister that he feels it is time for a change. However I am going to consider his suggestion, and anything he wishes to ask me when my estimates are up I shall do my best to answer.

Mr. ROWE: He thinks you may be able to build better houses than the other minister.

[Mr. Fournier (Hull).]

Mr. FOURNIER (Hull): He has been building some pretty good houses.

Mr. SMITH (Calgary West): You are acquainted with him and I hope you will let him know about what you and I have said.

Mr. FOURNIER (Hull): I never thought the hon. member was so bashful.

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, I wish briefly to express my support of the remarks of the hon. member for Vancouver North (Mr. Sinclair) in connection with the flood disasters in certain parts of British Columbia. I agree with his suggestion in respect to the necessity for immediate relief and also for long-range planning to remedy this situation in the future. The hon. member described most accurately the causes of this flooding in British Columbia. The same causes have produced previous floods on the Columbia river. In 1894 we had a flood identical with the one this year and from the same causes. In that year there existed at the headwaters of the Fraser and Columbia the same causes as exist today, heavy snowfalls and sudden hot weather.

We have been more fortunate in my constituency up to date than they have in the Fraser valley, but considerable damage has been done with farm lands and industrial sites flooded. The main point of danger has been the lower portion of the city of Trail and East Trail, where several blocks in the business area have been flooded and where a number of houses in the area along the riverbank have been flooded. Through the excellent co-operation between the city of Trail, the reserve army and other organizations in the community, along with that of all the people, young, middle-aged and old, they have been successful in building sandbag dikes to hold the river back and prevent a major catastrophe.

In this connection the people of my constituency, particularly the people of Trail, wish me to express their appreciation of the assistance that has been given to date by various federal agencies, other communities and particularly the Royal Canadian Air Force which flew in urgently needed sand bags. I rise at this time to make two points. I agree with the necessity for immediate federal and provincial assistance to those who have suffered in the Fraser river area.

The point I wish to make is this. As a result of the announced policy of the government to consider the Fraser valley disaster a national disaster, there may be a tendency in some quarters to run to the federal government to ask for assistance for every small unfortunate happening throughout Canada. We should try to keep our perspective. We should formu-

late and support a policy that defines a national disaster as a disaster which is beyond the capacity of the province concerned to meet adequately in so far as the expenses of immediate assistance are concerned.

I support the action of the federal government in declaring the Fraser valley floods to be a national disaster, but I do hope that, as a result of that declaration, every village or community will not be pressing upon this government their difficulties as a national disaster. I know our people have enough spirit; I certainly know they have in the riding I have the honour to represent, to meet minor difficulties. I have received letters pointing out the co-operation by all classes and ages and elements in the community. I am informed it has been an inspiration to watch these people fighting together a common danger, the rising waters of the Columbia river.

I am sure that, where difficulties arise on a lesser scale than what should be considered a national disaster, our people have enough spirit, enough spunk and enough local cohesion to mend their own fences. Now that the federal government has declared the Fraser valley disaster a national disaster, I hope that every isolated farm which is flooded will not be brought to the attention of the federal government as a national disaster. That is all I have to say with regard to immediate assistance.

Long-range planning of the type mentioned by the hon. member for Vancouver North to control these floods and to provide for the conservation of these waters is, I think, a matter that comes under federal jurisdiction to the extent that the federal government and the provinces must combine to work out a long-range solution for the control of these flood waters. So far as the Columbia is concerned, as the hon. member for Vancouver North has mentioned there are two of the largest dams in the world on that river. At the present time a joint board of engineers working under the direction of the joint international commission is making a survey of the river, both in the United States and in Canada, both in the United States section and in the Canadian section there is a survey of that river proceeding with regard to building secondary dams to hold back the flood waters in the mountains, and major dams on the main portion of the river for the purpose of conserving those waters both for the development of power and for irrigation. In that respect the problem is to a great extent a national problem.

I do think, Mr. Speaker, that out of this flood disaster on the Fraser river and the near disaster on the Columbia river we can derive some inspiration to work together and solve this problem jointly as between federal and provincial governments; federal, provincial and local authorities co-operating together to harness the powers of nature, so that they will not in future be a menace but will serve mankind to great advantage.

Mr. THOMAS REID (New Westminster): Mr. Speaker, I wish to commend the hon. member for Vancouver North (Mr. Sinclair) for bringing up this subject tonight and for the able manner in which he laid the whole picture before the house. As one who was out in British Columbia during the flood and flew over the district three times at a low altitude, I can say it has to be seen to be realized how great the catastrophe is. I thought, after the speech by the hon. member for Vancouver North, we might have had some statement from one of the ministers regarding what is going to be done. The waters are beginning to recede, it is true, but the great task of rehabilitation lies before that whole country, and as one coming from that country I would like the ministry to be good enough to tell the house what steps are being taken by the dominion government, in co-operation with the provincial government, in the matter of rehabilitation.

I know that many statements were made during the flood, and many wild statements, too, as to the reasons for the disaster. Perhaps I can give the house an idea of the seriousness of the situation by describing what took place at Hell's Gate canyon. That is where the International Pacific Salmon Fisheries built their fisheries. Three weeks ago the floor of it was dry. The fisheries are sixty feet high. Inside of eleven days the water rose 128 feet in the canyon and swept away the suspension bridge and all the little buildings around it. When one listened to the suggestions made to keep the flood waters back one realized that those who made those suggestions had no conception whatsoever of the great and sudden rise that had taken place in the Fraser river waters.

Hundreds of people have been driven from their homes and, as has been pointed out by the hon. member for Vancouver North, they are wondering what is to be done. Many of them will not be able to go back to their places for months. It will take time for the waters to recede, and there are districts where the water will have to be pumped out back into the Fraser river.

I was hoping that the Minister of Public Works (Mr. Fournier) or some other minister would tell the house and the country what

governmental committees have been set up. There have been many volunteer committees set up, and I want to commend the wonderful spirit shown by thousands of our citizens who not only gave of their time and labour but contributed to their utmost as well.

We look to the future and ask what is to be done. I am one of those who believe it might be advisable to set up a large committee consisting of dominion and provincial representatives, and that an office should be built somewhere in the valley where those who have been flooded out and lost their all can go and find out just what will be done for them. The task is a gigantic one, but a great deal can be done to pacify the people there if definite rather than vague statements are made as to what will be done. I appeal to the Minister of Public Works or some other minister to tell the house and the country what steps have already been taken. We know that one or two officials are in charge, but we are in the dark as to what plan has been formulated, not for the construction of dikes for that will come later, but as to the setting up of a strong committee and the announcement of a plan as to what those who have lost their all may expect in the way of rehabilitation.

May I indicate to the house what may happen and has happened without proper direction. In one part of the valley where the water started to recede one farmer said, "I want seed. I have no money and I have nothing in the bank." He was told, "We have no money for seed but we have for feed." And they haggled for several days over whether he should have feed or seed. Things like that cause a great deal of unrest and discontent, when we have hundreds of people who have lost everything they have. We should stop haggling with a man as to whether he should have feed or seed. The thing to do is to rehabilitate him in the best manner possible.

I trust that the government, if not tonight, will make an announcement shortly, so that many hundreds who have lost their all will have new courage given to them, knowing they are to be helped to re-establish themselves on their property and in the homes in which they have lived for many long years.

Mr. J. H. MATTHEWS (Kootenay East): Mr. Speaker, I have no thought of prolonging this debate, but, as a member from British Columbia and speaking on behalf of the C.C.F. group with which I am associated, I wish to say I concur in everything that has been said by hon. members from British Columbia with regard to the flood conditions in that province. When this matter was first brought before the house by the hon. member for Fraser Valley (Mr. Cruickshank), the country generally had no conception of the magnitude to which this disaster would grow. It was bad enough at the very beginning, but, as the days have followed one after the other, the disaster has assumed staggering proportions.

I for one feel that the debate which has gone on in the house during this session in regard to flood conditions in British Columbia has had a tremendously good effect upon the country. It has brought us a sense of national unity, indicating that we are not just a few provinces set apart from each other, but are closely united. Our interests are common interests. Secondly, the people of the east, are, I know, sympathetic in their hearts. They are just as anxious that the government shall do something for the flood victims of British Columbia as we from the west are ourselves.

I want to concur in what was said by the hon. member for Kamloops (Mr. Fulton), that we who represent interior constituencies are deeply concerned at the differentiation which has been made by the Prime Minister (Mr. Mackenzie King). The commission which has been set up has been named the Fraser river rehabilitation commission. In response to a specific question, the Prime Minister gave a specific answer that the measures and the agreement entered into so far with the province referred to that particular area only.

Since I spoke last in the house on this question, another large area of my constituency has been heavily inundated. I refer to what is known as the Creston flats. Where the Kootenay river flows into and forms the Kootenay lakes, many thousands of acres have been inundated and are still inundated tonight owing to the collapse of the dikes in that area. While I agree in the main with what was said by the hon. member for Kootenay West (Mr. Herridge), that the line will have to be drawn somewhere—certainly we do not think that when any farmer's backyard happens to be flooded he should fly to the federal government and seek aid—in areas such as this where dikes have gone, where people have lost homes and crops, where they have lost their living, even when the waters have receded many of them will be too poor to go back. They have nothing to which they can go back. Therefore I for one concur in the remarks which have been made that the time is now ripe for the government to make some statement which will bring relief and some peace to the anxious minds of the people who are homeless and who have lost their all.

It is true that the Fraser valley area is of tremendous importance to the economy of British Columbia. When one visits the great city of Vancouver and realizes how it relies for its food, for its milk, for its butter, for its eggs, and for its poultry upon that great area of the Fraser valley, he knows that these people have received a tremendous blow from which it will take them a long time to recover. What we are chiefly concerned about is not so much what has happened but what will be done in the future to prevent at any time a repetition of this disaster, because one never knows what nature will do in the mountainous areas of British Columbia. And given conditions such as we have had this spring, unless adequate steps are taken to prevent it, we can have just such a disaster again in the course of a very few years. That is the one thing we are anxious to avoid.

If a national survey had been taken in previous years, and a policy of flood control had been put into operation, it would not have cost anything near the same amount of money that this will cost the Dominion of Canada, whether provincially or federally. Therefore we are most anxious to see, not only that the damage shall be repaired just as soon as possible and the people rehabilitated, but that the government shall take a long-range view of the needs of that whole area in British Columbia to ensure that the best engineering minds are brought into the question and that adequate steps are taken to prevent a repetition of these events.

There are several other members from British Columbia whose constituencies have suffered considerably from flood damage. They may not all feel like speaking tonight and participating in this debate, but they, too, are wondering what will happen to their people.

I want to commend once again, as I have already done in the house, the action of the government and especially the Department of National Defence in the splendid efforts that have been put forth by all branches of the service. We also appreciate to the full what the civilian population has done. They have not just sat idly by and expected someone else to do the job for them. Many of them have toiled unceasingly to save not only their own homes but the homes of others. Mention has been made in the house tonight in appreciative terms of what the civilian population has done; but we do hope that in the very near future the Prime Minister will make a statement that will bring relief to the minds of those who are so bitterly distressed while we are gathered here discussing this matter, a statement of what the government is prepared to do by way of immediate rehabilitation.

SEAMEN'S STRIKE ON INLAND WATERS—REQUEST FOR ABOLITION OF TOLLS ON VICTORIA AND JACQUES CARTIER BRIDGES

Mr. ANGUS MacINNIS (Vancouver East): I am not going to try to add to the excellent statements which have been made by hon. members of all parties in regard to the disaster that has befallen British Columbia. There is complete unanimity among the members as to the extent of the damage and what should be done both in the short-term and long-term program. I did not rise until now, because I want to speak on another subject. I have made sure that no other member from British Columbia is anxious to speak on the flood situation.

This morning on the orders of the day I asked a question of the Minister of Labour (Mr. Mitchell) in regard to a serious labour dispute which exists close to this city, and which has been going on for some considerable time. I refer to the seamen's strike in which the Minister of Labour and his department have done some very active work. He brushed my question aside in a most frivolous manner. I gather from what the Minister of Labour said this morning that if certain employers and the Minister of Labour do not like the political affiliations of members of a trade union they are not going to receive the advantages which they should receive and which are available, by the law of the land, to all other organized workers when engaged in labour disputes. Certain employers' organizations can ignore and defy these laws if they do it on the basis of the political affiliations of the labour organizations they are dealing with. If they do it on that basis, then it is all right as far as the Minister of Labour is concerned. I think that is a dangerous position to take. What is required in the seamen's strike is that publicity be given to the facts. Let the people know exactly what is the cause of the strike, and that is what I am going to do tonight. In doing so, I shall use government documents to show what the situation really is.

Speaking during the Ontario election campaign in the constituency of Welland, the Minister of Labour said, as reported in the Toronto *Daily Star*:

> I am a great believer in conciliation and I don't believe you can settle labour disputes by putting people in jail.

But that is exactly the way in which this particular labour dispute is being settled.

In the matter of the dispute between the seamen's union and Colonial Steamships Limited and Sarnia Steamships Limited, the Minister of Labour appointed a conciliator. The conciliator was not able to do anything,

because the company completely ignored him. Then a commission was appointed, consisting of J. D. McNish and Leonard W. Brockington. Mr. Brockington is a particularly outstanding conciliator who has been used by the Department of Labour on various occasions. Indeed, when the standing parliamentary committee on industrial relations wanted someone to conciliate the steel strike in 1946, Mr. Brockington was asked to do it. I have the report submitted by the commissioners to the Minister of Labour and dated April 15, 1948. I shall read from it as briefly as I can. I quote:

The conciliation board has sent a number of notices advising the parties of meetings in Toronto on the 22nd of March and on the 30th of March.

Therefore you see, Mr. Speaker, this is a long-standing dispute. I continue:

Although representatives of the employees attended the meetings so arranged, the board's invitation to the employers received neither the courtesy of an acknowledment nor the co-operation of an attendance.

In order to try to get over the objection of the owners to the officials of the union because of their alleged communist affiliation, the commissioners urged the officers of the union to allow other parties to negotiate the agreement and become responsible for the signing and the carrying out of the agreement. The union officials agreed, but, as can well be understood, with misgivings, because they wanted an agreement.

The following special negotiating committee was appointed: Percy R. Bengough, president of the Trades and Labour Congress of Canada; William Jenovese, vice-president of the Trades and Labour Congress of Canada, and president of the Toronto district trades and labour council; John W. Buckley, secretary of the Trades and Labour Congress of Canada.

The companies were then advised that these well known labour leaders were willing to negotiate any agreement on behalf of the seamen's union. Mr. Bengough, it was found later on, could not attend, and Mr. Russell Harvey, who, I believe, is a member of the typographical union, or some union associated with the typographical union in Toronto, took his place. The commissioners say:

Your commissioners called a meeting of the interested parties in Toronto on Monday, April 12. It was attended by representatives of the seamen's union and by Mr. Frank Wilkinson, K.C., and one of his legal associates on behalf of the companies. The companies' representatives were without instructions. At the request of the board they communicated with their clients. The chairman of the board was advised by Mr. Wilkinson that the attitude of the companies towards your commissioners was the same as their attitude towards the conciliation board.

[Mr. MacInnis.]

That is, they ignored the commissioners in the same way as they ignored the conciliation board. The report then goes on:

In the year 1947 a number of disputes arose between these companies and the union.

That is, between the shipping companies.

A board of arbitration was set up in accordance with the provisions of the agreement of 1946. The award of the board was not accepted by the companies after the companies had failed to appoint an arbitrator in accordance with their agreement.

Then further on:

After the government's intervention, and as a part of the settlement publicly announced, the companies made a promise that if a vote were taken amongst their employees and found to be favourable to the Canadian seamen's union the companies would negotiate an agreement for the year 1948.

Then steps were taken to take a vote, as required by the labour laws of Canada. This is the result of the vote. The ballot read:

Do you desire the Canadian seamen's union to act as your representative for the purpose of negotiating a collective agreement with your employer for the 1948 navigation season?

This is the result of the vote for the employees of the two companies, the Sarnia Steamship company first, and Colonial Steamships second:

	Sarnia Steamships	Colonial Steamships
Number of eligible voters..	170	178
Number of votes cast	159	169
Number of voting "yes"	143	154
Number of voting "no"	9	13
Number of spoiled ballots ..	7	2

It will appear from this that the Canadian seamen's union was accepted by the employees on a government-supervised vote, on the part of the Sarnia Steamship company, of 143 for and 9 against, and on the part of the Colonial Steamship company, of 154 for and 13 against.

Surely a vote of that kind is sufficient indication of what the employees wanted. After that, the companies, which had promised that if the vote were taken and if it favoured the seamen's union they would accept it, as soon as the vote was taken refused to accept it. This is what the commissioners have to say in that regard:

It is apparent that the companies have ignored the meetings of the conciliation board appointed this year and have declined either to meet their men or to attempt conciliation and negotiate by using the services of the former board or of the present commissioners. Such conduct is an open breach of their agreement with the union dated September, 1946,—

Note this:

—of the provisions of P.C. 1003, and of their undertaking made with the government of Sep-

tember, 1947. By their action and inaction the companies have also broken the admirable, long established, and beneficial practice by which Canadian employees and employers sit down together around a table in an attempt to settle their difficulties.

Surely there never was a greater condemnation of a company than you have here by two responsible commissioners appointed by the government. Yet the Minister of Labour, when the unco-operative attitude of the employers is drawn to his attention, brushes it aside, because he happened to be heckled at a meeting, and will not have anything to do with it.

If there is anything more disgraceful than the action of the companies it is the action of the Minister of Labour. I am not quite through with what this report has to say. I quote:

Your commissioners also have reason to believe that the Trades and Labour Congress of Canada would be willing to adopt the somewhat unusual procedure of entering into an agreement with the companies on behalf of this union, which is chartered to the trades and labour congress, it being understood of course, that if the Trades and Labour Congress of Canada did so sign an agreement on their behalf the union's bargaining rights would be specifically preserved.

While the companies admit that they have signed an agreement with a rival union—

This is the rival union, a union that has no standing whatsoever according to the labour legislation of Canada.

—no copy of such an agreement has been filed with the department, and no bargaining rights have been granted by the national labour relations board to any organization other than the Canadian seamen's union.

Mr. DEPUTY SPEAKER: Order. I notice that the Minister of Labour (Mr. Mitchell) is not in the house. The hon. member for Vancouver East (Mr. MacInnis) a minute ago used the word "disgraceful." I would refer him to Beauchesne, second edition—

Mr. MacINNIS: Mr. Speaker, might I intervene? If you object, I withdraw the word.

Mr. DEPUTY SPEAKER: I felt that I should intervene because the minister is not here.

Mr. MacINNIS: I agree, Mr. Speaker. I was pointing out that the Canadian seamen's union is the bargaining agency according to the laws of the Dominion of Canada as administered by the Department of Labour.

The report goes on:

In view of the intransigeant attitude of the companies, your commissioners have not considered that any further legal procedure on their part would serve any useful purpose. We are unanimous in stating our belief that the defiance of the existing law, the breach of the existing agreement, and the failure to fulfil the promise made by these companies to the government are a serious threat to the recognized practice of labour conciliation, and are moreover, the worst possible weapons any employer could use in a dispute with the legally constituted bargaining representatives of his employees.

We in this country are opposed to communism. I cannot conceive of anything that is more likely to breed communists than the attitude of these employers. I will finish this report with one other paragraph:

We have reason to believe also that this conduct which goes to the root of labour relations in this country, raises far wider issues than the isolated dispute with the Canadian seamen's union and that there is grave danger that the discord will not be restricted merely to relations between this union and these companies.

That is the seriousness of this situation. If hon. members would take the trouble to read the report made by the national war labour board in 1943 they would find there the opinion of Hon. C. P. McTague, chairman of the board, and Leon Lalande who signed the majority report. I should like to read just one paragraph from the finding of that labour inquiry:

The most serious question involved at the present time is that of the right of collective bargaining. It must be kept in mind that this is a right which in a practical way has been recognized in Canada for a period of half a century. By far the majority of employers have resisted it over the period.

That is, over the fifty years. To continue:

Generally speaking, the great mass of employers, until comparatively recent years have employed all weapons in their power to resist and discourage the trade union movement. There have been exceptions, of course.

When it is remembered, however, that the international trade unions represent but approximately 20 per cent of Canadian labour generally it is apparent on a comparison with other countries such as England, Sweden and Australia that Canada's trade union movement has been very, very slow indeed. Until comparatively recent years we have been in the main an agricultural country. That factor, together with resistance to the movement by reactionary industrial employers, induced by the fear motive or other even more selfish motives, has served to hold in check any widespread advance in the movement of trade unionism for quite a period of years.

That constitutes the findings of two capable men after an exhaustive inquiry. I do not intend to take the time to read it all. Hon. members who want to read it will see what those men found that certain employer attitude develops a certain kind of labour leader. The war being over, we are now getting back

to the same state of affairs that Mr. McTague and Mr. Lalande found in their investigations in 1943.

I will conclude by pointing out now that this is not an unimportant matter that I am raising. I know that fault will be found with me. I know that maybe this is not a particularly popular issue. But anyone who thinks he will scare me off by raising that sort of issue is wasting his time. I have taken up unpopular issues before now. If those who do not agree with me would read an editorial on this subject which appeared in the *Globe and Mail* of Friday, June 11, they would find that the editors agree largely with what I have pointed out in this house tonight. As a matter of fact, I am basing my case wholly on the report made by the commissioners to the Minister of Labour. The first paragraph in the *Globe and Mail* editorial reads as follows:

> Canada is again in the throes of a lake seamen's strike. The issues are not the customary disputes over hours, wages and working conditions, but over the fact that five shipping companies have illegally refused to bargain with the accredited representatives of the Canadian seamen's union.

I can almost hear the statements that would be made in this house if—as I have heard them so many times before—if the trade unions had taken illegal action at this time. So let us now tell the people of Canada who are preventing a peaceful settlement of this dispute and who are the real culprits in the trouble and the rioting that have developed in this situation.

Mr. ALCIDE COTE (St. Johns-Iberville-Napierville): While the Minister of Transport (Mr. Chevrier) is in his seat, Mr. Speaker, I wish to clear up a point.

(Translation):

Mr. Speaker, I have made representations last year, in connection with the Victoria and Jacques Cartier bridges, in the province of Quebec. I had the support, at that time, of the hon. member for Chambly-Rouville (Mr. Pinard). The government of the province of Quebec is wholly responsible for its highways and, of course, has to pay for the cost of building and maintaining the bridges that are extensions of such highways. However, the Victoria and Jacques Cartier bridges were built and paid for by the federal government. When the toll system was applied generally to all main bridges in the province, whether they were considered provincial or federal bridges, the whole population was being treated equally. When in 1942 the Quebec government ruled to abolish the toll system in fairness to all provincial taxpayers, it should have eliminated the toll also on Victoria and Jacques Cartier bridges. Otherwise, there was this unfairness that one important region of the province kept on paying tolls whilst all others benefited from the abolition of the toll on the other bridges. That is why, as far back as 1942, the hon. Adélard Godbout, then premier of the province of Quebec, said he was ready to reimburse the federal government a reasonable amount if the toll was abolished on Victoria and Jacques Cartier bridges, the same as on other bridges of the province. However, after the negotiations were started, a new administration came to power and they were never resumed.

We must at this time take cognizance of the injustice of which I have just spoken, which consists in imposing double taxation upon one section of the population, to the other section's benefit, an injustice which has lasted from 1942 to this day.

Since then, the union of municipalities of the province of Quebec, of which I am a director, has expressly requested Premier Duplessis to meet the federal authorities with a view to solving this problem once and for all.

I am told, on the other hand, that the Quebec government have obtained permission from the federal authorities to use one of the two railway lines across the Quebec bridge for the purpose of widening the motor thoroughfare.

Last year, following representations made by myself and by the hon. member for Chambly-Rouville, the Minister of Transport declared himself willing to meet the representatives of the province of Quebec at any time to study the possibility of abolishing toll charges on Victoria and Jacques Cartier bridges. Unfortunately we are still at the same point today and this injustice has not yet been done away with.

That is why I am now asking the Minister of Transport the following questions:

First, since July 2, 1947, after my colleague and I had made representations to the hon. minister, and as a result of the latter's statement, has the government of the province of Quebec, through its premier, Mr. Duplessis, or a representative appointed by him, taken any action with a view to meeting the dominion government about the toll problem in connection with the Victoria and Jacques Cartier bridges?

Second, is the dominion government or the Minister of Transport always ready to meet the representatives of the Quebec government with a view to considering and eventually solv-

ing the toll problem as regards the Victoria and Jacques Cartier bridges?

Finally, is it true that the provincial government has secured from the dominion authorities or the Minister of Transport permission to use one of the two railroad tracks on the Quebec bridge for the widening of the vehicular traffic lane?

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Speaker, I have listened carefully to the remarks of the hon. member regarding toll charges on Victoria and Jacques Cartier bridges. He asked three questions. I will reply to his last one first. He wanted to know whether it was true that the dominion government had, directly or through the C.N.R., entered into negotiations with the Quebec government with a view to building a driveway on the Quebec bridge. The answer is yes. I must say to the hon. member that although the agreement has not yet been signed between the dominion and provincial governments, negotiations are now concluded and it has been agreed that a paved highway will be built on the Quebec bridge. As the details of this matter are rather complicated, I shall not deal with them tonight. However, it is true that negotiations have been brought to a conclusion. The province of Quebec undertakes to vote the money required to open up this new lane to vehicular traffic.

In his first question, the hon. member asked whether the Quebec government or some other provincial agency had made representations to the dominion government with reference to the elimination of toll charges on Victoria and Jacques Cartier bridges. In answer, I must say that, to my knowledge, no such representations have been made. Further, had any been put forth, I would have been aware of them. I must say that certainly no representations similar to those made by the provincial authorities in connection with the new highway on the Quebec bridge have been made with regard to the Victoria and Jacques Cartier bridges.

May I ask the hon. member to repeat his second question?

Mr. COTE (St. Johns-Iberville-Napierville): Is the Minister of Transport still willing to meet the representatives of the province of Quebec in order to consider their arguments and to see whether toll charges can be eliminated on these bridges?

Mr. CHEVRIER: It goes without saying, Mr. Speaker, that I am entirely agreeable to hearing the representations of the province of Quebec or of any one of its agencies and, if need be, even those of the minister of public works with reference to the removal of toll charges on Victoria and Jacques Cartier bridges.

(Text):

Mr. PAUL E. COTE (Parliamentary Assistant to the Minister of Labour): Mr. Speaker, I was not in the house when the hon. member for Vancouver East (Mr. MacInnis) made the first part of his observations respecting the particular subject he mentioned tonight. I suggest that it would have been more appropriate for him to have taken advantage of one or other of the two opportunities the house will have to discuss labour problems. I refer to the examination by committee of the whole of Bill 195, to provide for the investigation, conciliation and settlement of industrial disputes. We expect that will be submitted to this chamber very shortly. In the second place, the estimates for the Department of Labour are expected to be introduced soon.

I have not any intimate knowledge of the problem mentioned by the hon. member which would allow me to follow satisfactorily the remarks he has made tonight. I would point out, however, that on several occasions recently the Minister of Labour (Mr. Mitchell) has dealt with this matter. He has expressed his views in answer to questions put by the hon. member for Cape Breton South (Mr. Gillis) and others, and I am sure that at the proper time he will make, on this particular matter, any further statement that he deems appropriate.

Mr. MacINNIS: May I, in reply to the parliamentary assistant, say that the situation is critical, and I do not think we can wait for the estimates, or for some other time. People are being shot at; people are going to jail; all kinds of things are happening. I do not think we can wait at a time like this.

I asked the Minister of Labour a question this morning. Had he made any attempt to give me a reasonable answer I would not have had to raise the matter at this time.

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

PRIME MINISTER'S OFFICE

316. Salaries of staff and other pay-list items, $93,972.

Item stands.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

The DEPUTY CHAIRMAN: We were considering item 245 of the Department of National Health and Welfare.

245. Departmental administration, $623,428.

Mr. HANSELL: Mr. Chairman, I am in almost the same position I was in last night, or the other night, in that I have an important speech to deliver and only six minutes in which to deliver it. I shall try to make my speech in those six minutes—or even less. That is difficult for me to do; my congregations always complain because they say I am a long-winded preacher.

There are two phases of the work of the Department of National Health and Welfare I should like to dwell upon for a moment. I wish to bring to the attention of the minister these two matters. I am sure we are all glad that the present government is contemplating some advance with respect to the health services of Canada. The other day we listened to the Prime Minister's announcement, which I think has been quite acceptable, generally speaking, to the people of Canada.

But there is in Canada today one class of people who have been entirely neglected in any health legislation that has been passed either in this house or in any provincial legislature. I refer to incurable cripples, wheel-chair cases, bedridden cases. The medical profession have gone as far as they can with these cases and have pronounced them incurable. I have in mind those who have been crippled as a result of poliomyelitis or those who were born crippled or the epileptic cases. If I were a medical man I could put on *Hansard* the names of many other maladies which I do not now know. All these people are beyond the aid of medicine or of the medical profession. What is being done for them?

The question might be asked, what can be done for them? In a medical sense, nothing, but they must be cared for. Most of them are unable to earn a living or to engage in gainful employment. The result is that they are thrown upon the mercies of relatives or friends or charitable institutions. If they have not those to turn to, they must beg the relief authorities for a handout. This class of incurable citizen has been entirely neglected and forgotten.

They are not great in number; I do not know how many there would be in Canada. They are scattered from coast to coast and are unable to get out or send people around to organize for them as unions and other organizations have done in order to bring pressure upon the proper authorities. A little over a year ago, an organization was set up by a young woman in Calgary named Miss Eva Warden. At nineteen years of age she took poliomyelitis and is today a wheel-chair case. Her mother is a widow. You tell me what she can do.

[The Deputy Chairman.]

She started this organization and has had a flood of requests for information from all over Canada. She is doing her best to keep this organization going, in order to focus public attention upon their needs. I do not know whether the minister will suggest that this matter should come under the Department of Finance, but I do ask him to take it into consideration and, if possible, to put on the statute books, or aid the provinces in putting on their staute books some form of legislation that will prevent these unfortunate people from being cast upon public charity.

Perhaps mine is the small voice crying in the wilderness, but I think I have the unanimous support of this entire house and of the legislatures when I ask that something be done. This is not a party platform; we do not have these things pegged into our party platforms; it is a humanitarian thing. I believe all should lend their support to something of this kind. Will the minister not take this into his deepest consideration?

Hon. PAUL MARTIN (Minister of National Health and Welfare): May I assure my hon. friend that I am doing that very thing.

Mr. POULIOT: I fully agree with what the hon. member for Macleod has said in his fine speech. Once again I congratulate him wholeheartedly. Last year I took up the same question. I do not understand why there should be this gap in connection with those who suffer from infirmities. The old people have something and the needy mothers receive help from the provincial governments, but no help is given to those who suffer from infirmity, who are poor and who cannot subscribe to any form of contributory insurance.

I have made a survey which I shall speak about at another time, but tonight I appeal to the minister. I know his big heart and I know he plays no politics in connection with health. I know he places that as being of the greatest importance to the state. He understands these problems. I remember, when his predecessor sat there two or three years ago, he said, in answer to a resolution moved either by the hon. member for Compton or the hon. member for Terrebonne—I see it is eleven o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): Tomorrow we shall take up the two resolutions in the name of the Minister of Justice, one being a measure to amend the Railway Act, the Exchequer Court Act and the Judges Act and

the second being a measure with respect to the Revised Statutes of Canada. Then we shall take up Bill No. 345, to amend the Tariff Board Act; Bill No. 346, being the Canadian National Railways Financial Guarantee Act, 1948; Bill No. 60, to amend the Veterans Insurance Act; Bill No. 196, to amend the War Veterans Allowance Act, and Bill No. 200, to amend the Veterans Rehabilitation Act. When we are through with the war veterans bills, we shall take up Bill No. 198, to amend the Dominion Elections Act. If we complete those bills we shall go into supply and take up national health and welfare, trade and commerce, and veterans affairs.

Mr. KNOWLES: May I ask the minister a question with respect to the three bills in the name of the Minister of Veterans Affairs? Each of these bills has been amended in committee. Does the minister know whether reprinted copies of the bills as amended will be available to us tomorrow?

Mr. FOURNIER (Hull): I do not know, but I shall inquire and do my best to have the bills with the amendments in the hands of the members tomorrow before we start to study them. I will do the best I can.

Mr. KNOWLES: That is good. Thank you.

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

END OF VOLUME V